

## NEWS SUMMARY

### GENERAL

Premier's son found 'alive and well'

Mark Thatcher, the Prime Minister's son, is safe and well, his father confirmed last night. He has been missing for six days in the Sahara with two French companions on a trans-Africa motor rally.

Frontier guards picked up the team and flew them to a village in Mali, where they spent the night.

### Ripper damages

The Yorkshire Ripper is liable for damages payable to the mother of a victim. A Leeds County Court registrar ruled in a case thought to be the first of its kind.

### Murder sentence

A British soldier was ailed for life for stabbing a man to death at dance in Northern Ireland.

### Rapists jailed

Four Belfast members of the Ulster Defence Association were jailed for rape and assault on a 20-year-old woman. The UDA had kneecapped three of them.

### Plea switch

A British Columbian charged with the murder of 10 youths changed his plea to "guilty."

### Boy found

Mark Crump, the 14-year-old missing from his south London home since November, was found in Clapham.

### Mystery reward

The husband of Jeanette May, who disappeared in central Italy in November 1980, offered rewards for information leading to solution of the mystery. *May and Matters*, Page 13.

### Kitson probe

Johannesburg police opened a murder inquiry into the death on Wednesday of the son of Steven Kitson, the British engineer detained in South Africa earlier this month.

### Envoy named

President Reagan named anti-terrorist expert Anthony Quattuor as ambassador to Nicaragua.

### Palimony case off

Film actor Lee Marvin's former lover, Michelle Triolo Marvin, abandoned her attempt to obtain a "palimony" settlement from him.

### Suitor shunned

A Saudi diplomat's daughter has gone into hiding in Sweden to avoid being married to a Saudi man.

### Queues for water

Hundreds of people in Shropshire are having to queue for water from standpipes because of frozen pipes to their homes.

### Soccer bonus

The number of tickets available to British soccer fans for this summer's world cup has been doubled to 16,000.

### To croak

A Basle court acquitted Heinz Frieseler of disturbing the peace by keeping frogs in his house. The German frog is free.

### Briefly...

Heart transplant patient Keith Brook was "doing well" at Harfield Hospital.

India were 305 for 2 in their first innings at the end of the 2nd day of the 5th test. Man-eating tiger believed to have killed 21 was shot dead in India.

Bristol Zoo is to export its first gorilla to Japan.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	WESTMINSTER PROP 31 + 4
AT&T Features	234 + 5
British Greetings	150 + 7
Continental Propri	100 + 10
French T.L.	100 + 6
Geers Gross	100 + 5
Jones Stroud	100 + 4
Laporte	100 + 6
Muirhead	100 + 5
Paycheck	41 + 1
Reichart	238 + 8
Thorn EMI	100 + 8
West Room Spring	111 + 7

FALLS
Johnson Matthey
London Shop Prop
Basal Elect
Ashton Mining
Consolidated
London Options
Management

### BUSINESS

## £ slips; Gold Mines down

STERLING dropped 50 points on the day in close to London at \$1.863, but improved later in New York. It slipped in London to \$Fr 3.455 (SwFr 3.465) and Y1418.5 (Y419), but rose to DM 4.3 (DM 4.2825) and FF 10.1 (FF 10.8725). Page 26

DOLLAR rose to DM 2.307 (DM 2.2925, FF 5.8325 (Y24.25), but fell to \$Fr 1.854 (SwFr 1.856). Its trade-weighted index rose to 109.3 (108.41). Page 26

GOLD fell \$4.5 in London to \$376. In New York the Comex January close was \$377. Page 26

GOLD MINES INDEX down 5.2, making a drop of 36.3 in the last seven trading

LORD GRADE resigned last night as chairman and chief executive of Associated Communications Corporation, the entertainment conglomerate which he largely created.

In his place has been appointed Mr Robert Holmes, a Court, the Australian entrepreneur, who is master company of Bell Group had made an agreed takeover bid for ACC which places a value of £36m on the company.

Lord Grade, 73, will be appointed to a new executive role on terms and conditions of

service to be disclosed in the offer document which will be sent to shareholders detailing the bid.

As part of the bid terms, all directors of the ACC board, except Sir Max Aitken, who has undertaken to resign their directorships on the main board, its subsidiaries and associates, excluding Central Independent Television, in which Associated has a near 51 per cent shareholding.

The undertakings will mean that directors such as Lord Matthews of Trafalgar House

will leave the main board once the offer becomes unconditional.

Business interests of Mr Holmes's Court already own almost 51 per cent of the non-voting shares in Associated and 3.1 per cent of the voting shares. He will only need to pay out another £15m to buy the rest of ACC.

Under the terms of the bid the Bell Group is offering £3.20 in cash for each of the crucial £1 voting shares which are held by just 35 shareholders. Lord Grade is the largest holder of the voting shares, with an 27.6 per cent stake.

More than 11,000 shareholders of ACC, including the insurance companies and pension funds who have invested in the stock, will receive 66p in cash for each of their 25p shares. No further dividend will be paid on any of the shares or stock units in respect of the year ending March 1982.

Subject to the approval of the Independent Broadcasting Authority, Lord Grade has agreed to sell and transfer to the Bell Group 41,382 ordinary shares—his entire 27.6 per cent

voting stake—and 281,691 of the non-voting "A" shares which, together with Bell's existing holding, would amount to 29.8 per cent of the voting rights of ACC.

No compensation will be paid to retiring directors for loss of office. While there will be no redundancies as a direct result of Bell assuming control, employees were warned last night that "there may be redundancies following on the streamlining and restructuring of ACC's existing operations."

Otherwise, it was stated that the rights, including the pension rights of employees of ACC will be fully safeguarded.

Other directors of ACC have given irrevocable undertakings to accept the offers in respect of all their holdings of 54,000 ordinary voting shares (representing 36 per cent of the voting equity), and 45,250 ordinary non-voting shares (0.1 per cent), subject only to the approval of the IBA.

The IBA moved swiftly last week to accept the offers in respect of all their holdings of 54,000 ordinary voting shares (representing 36 per cent of the voting equity), and 45,250 ordinary non-voting shares (0.1 per cent), subject only to the approval of the IBA.

Continued on Back Page

Lord Grade at bay, Page 18

Lex, Back Page

## Fury as Schmidt hits back on Polish crisis

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany angrily replied to critics of his policy on Poland yesterday. In the most turbulent parliamentary scenes here for years,

To shouts of boos and catcalls from the opposition benches, Herr Schmidt said angrily that he had remained silent in the face of the criticism—but the time had come to speak out.

He rejected as absurd charges from home and abroad that his Government had been lukewarm on the Polish crisis and was becoming a neutral "wanderer between two worlds."

West Germany, he said, had not easily agreed to apply sanctions in the Afghanistan and Iraq crises—but once it had given its word it stuck to it, unlike some countries.

Upward broke out when Herr Schmidt accused the opposition of "calling forth old voices I had hoped had vanished" with inflammatory talk that Bonn was "crawling on its belly before Communist power

The Chancellor said that old Nazis were writing in him to rail against things about the Poles. The Russians and the

Bonn Government—all lumped together in the same basket.

Repeated appeals for order by the President (Speaker) of the House were ignored as furious shouts came from the benches of the Christian Democrats and Christian Social Union.

Dr Helmut Kohl, the Christian Democratic leader, accused Herr Schmidt of standing amid the ruins of a policy of weakness and opportunism towards the East.

When the Chancellor could do nothing else, Dr Kohl said, he struck out with aggressive rhetoric, not caring what he destroyed.

The course of this debate was a far cry from that of December 18, when a critical resolution on Poland was carried almost unanimously. Since then, the opposition claims, the Government has undermined West Germany's relations with the U.S. sought to deny Soviet responsibility for events in Poland and has hindered a more effective Western reaction.

Herr Schmidt maintained yesterday that Bonn's stand was more in line with that of its partners than was implied by much of the tough public criticism.

Bonni explodes in Warsaw, Page 2

The Chancellor said his talks with President Francois Mitterrand of France in Paris on Wednesday had yielded "no differences on the substance" of Franco-German policy.

It was true that this policy had been presented in public rather differently in each country, Herr Schmidt said. But both governments were united in their judgment of the Polish crisis and in their aims and the means to achieve them.

Despite the combative tone of Herr Schmidt's remarks, it is clear that Bonn is increasingly disappointed that no firm sign of a return to reforms has emerged from Warsaw.

The Chancellor noted that the Roman Catholic Church, whose view on the Polish situation Bonn especially valued, had also expressed increased misgivings.

The fear in Bonn is that, unless the reform course is resumed in Warsaw soon—that is, over the next few weeks—pressure in the Western alliance for tougher sanctions against Poland and the Soviet Union would become irresistible.

Bonni explodes in Warsaw, Page 2

## Paisley leads devolution effort

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE REV IAN PAISLEY is leading efforts among Northern Ireland's various Unionist parties to agree on an independent blueprint for devolved government in the province in the hope of preventing proposals by Mr James Prior, the Northern Ireland Secretary.

WEST GERMAN Cartel Office has voted an agreement under which most of the country's banks would have given preference to Amex travellers' cheques over those of other institutions. Back Page

KUWAIT INVESTMENT Office's disclosed stake in quoted British companies has more than doubled in value in the past four and a half years to almost £400m. Feature Page 27.

FORD MOTOR, the second largest U.S. motor company, is to omit its quarterly shareholders' dividend for the first time.

BOC GROUP is investing \$247m (£135m) in expanding its U.S. production facilities for carbon graphite, used in the electric arc furnace method of steel making. Back Page

UNITED NEWSPAPERS is bidding £10.7m for Colonial Securities Trust Company. Page 22

ASSOCIATED NEWSPAPERS reported lower pre-tax profits of £16.2m (£22.55m) for the year to the end of September. Page 20

THORN ROYCE's taxable profits increased to £45.5m (£38.6m) in the six months ended September 30. Page 20. Lex, Back Page

S. AND W. BERISFORD, the international commodity trader, increased pre-tax profits to £40.7m (£36.1m) for the year to September 30. Page 21. Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY (Prices in pence unless otherwise indicated)

Mr Paisley said yesterday he hoped all parties would formally endorse the package by mid-February, after which they would seek a meeting with the Prime Minister to present it.

Formal endorsement of such a package by the executive committees of the various parties would commit them to a united front, ensuring that Mr Paisley's Democratic Unionist Party would be included in future negotiations.

For this, he would need the support of the Official Unionist Party, the oldest and at the moment still the largest of the Unionist parties.

Earlier this week Mr Prior met leading members of the Official Unionist and of the Social Democratic and Labour Party, the main voice of the province's Roman Catholic minority, to test their reactions to his tentative plans for a phased process of devolution.

Continued on Back Page

Burman emphasised that it would sell Quinton Hazell "only when the time and price are right." The group said it had already received expressions of interest but had no definite buyer in prospect.

Mr Quinton Hazell, the founder and former chairman of the business who departed only months after its acquisition by Burman, said last night he could

not dismiss the idea of buying it back, but had not had time to give it sufficient thought.

The business which he left behind now exports to over 100 countries from three main UK factories and employs more than 7,000 people worldwide. Turnover of £143.8m in 1980 produced operating profits of £6.3m, down from £11.2m, and 1981 is expected to show a further decline.

Burman's formal offer for Croda contained one surprise: an increase in the cash bid for Croda's deferred ordinary shares, which account for less than 10 per cent of the company's equity. The Takeover Panel said its own earlier mistake was entirely responsible for the change.

Croda offer details, Page 22

Lex, Back Page

strategy in which Quinton Hazell could be given no central role—and which might have threatened the subsidiary's growth and development.</p

## EUROPEAN NEWS

# Low gold price could prove costly for Russia

BY DAVID MARSH

THE RUSSIANS are disappointed that the gold price is not higher with all these problems in the world."

That was the doleful comment of a leading Swiss bullion dealer back in August when, in spite of the South African invasion of Angola and the shooting down of Libyan jets by U.S. fighters, the gold price persistently refused to budge above \$430 per ounce.

Five months later, the men responsible for the Kremlin's gold sales in Vneshtorgbank, the Soviet foreign trade bank, are wearing even longer faces.

Sliding Soviet foreign exchange reserves are forcing the Russians to sell more gold to the West. But, in an exact turn-round of the events after the Soviet invasion of Afghanistan two years ago, rising East-West tension this time is failing to give the customary boost to the bullion price.

The military clamp-down in Poland gave gold only a temporary pre-Christmas sparkle. Yesterday, doctored by high interest rates and world recession, the price slid to \$376 the lowest for well over two years against a short-lived peak of \$850 in January 1980.

After making large-scale gold sales in December—which boosted overall deliveries in 1981 to an estimated 200-220 tonnes—the Russians seem to have been absent from the London and Zurich markets during the past few days in a

SOVIET GOLD			Year-end reserves
Production	Sales		
1975	258	149	1,900
1976	276	410	1,797
1977	286	401	1,702
1978	297	411	1,527
1979	307	199	1,581
1980	311	90	1,798
1981	328	224	1,844

Source: J. Aron (New York)

## Thorn fails to win support over Community reforms

BY JOHN WYLES IN BRUSSELS

MR GASTON THORN, president of the European Commission, failed last night to secure the backing of EEC governments for his proposals to end the deadlock over Community reforms. As a result, Foreign Ministers were searching last night for a new basis of agreement on guidelines aimed at controlling the costs of the common agricultural policy and at reducing Britain's payments to the budget.

The Ministers, who will continue their negotiations today, were warned by Mr Leo Tindemanns, the Belgian Foreign Minister, that if their meeting ended in deadlock he might call them back next week. Mr Tindemanns, president of the Council of Ministers said he might also ask the Commission to withhold its proposals, due out on Monday, for the annual increases in farm prices.

No 3

Both the Belgian presidency and the Commission fear there will be no prospect of real CAP changes if the foreign ministers leave the outstanding questions to be settled by their agriculture colleagues. Also Britain would be bound to block any agreement on farm pricing figures until it was satisfied over its budget payments.

Although the ministers had

asked Mr Thorn to produce a compromise proposals, they were given short shrift by several delegations last night. His plan for curbing the costly milk surplus by a variable tax falling most heavily on big producers was rejected by Britain, Denmark, the Netherlands and Ireland, Italy, meanwhile, found his proposals unacceptable because they offered no improved prospects for Mediterranean farmers.

Officials travelling with Lord Carrington, the British Foreign Secretary, did not hide their belief that Mr Thorn's formula for reducing the UK's budget payments was a step backwards from progress made at the London summit last November.

London could not accept that an arrangement to replace the current temporary limits of Britain's payments should run for only four years, as proposed by Mr Thorn. In addition, his suggestion, designed to satisfy France, that special rebates to reduce the British budget burden should be reduced each year was also rejected by the UK.

Several delegations, including the French and West German, objected to the proposals that national governments should pay any rebates agreed to Britain instead of financing any arrangement out of the EEC budget.

Larry Klinger, in Brussels, examines problems rich nations face in giving to the poor

## Why EEC aid for the Third World runs into snags

IN ONE of the most detailed assessments ever of EEC development aid to the Third World, the EEC's financial watchdog has brought into sharp focus the difficulties which rich countries experience when they try to help the poor.

With North-South issues high on the international agenda, the European Court of Auditors' report for 1980 will be seized with enthusiasm by advocates of a restructured and more disciplined political and administrative approach to development aid.

The report follows auditors' inspection tours in the Netherlands Antilles, French Guyana, Surinam, Kenya, Somalia and Zaire.

It emphasises many examples of where, in the Court's opinion, misjudgments, mismanagement and political conditions have undermined efforts to gain quick or lasting results. It suggests that many aid-financed programmes are too often technically and culturally unsound.

Most EEC aid-supported buildings, many constructed to European-style design, experienced problems, some serious.

Flat, bitumen-based roofs "hardly stand up to conditions of fierce sunshine and/or heavy rainfall" and large windows and thin walls often mean that interiors become overheated in equatorial climates.

Modern kitchens were not only usually expensive to install but too sophisticated to maintain. "They are generally abandoned for traditional hearths in the open," the Court adds.

Most sanitary and many electrical installations were out of order within a few years not even months.

### Inadequate planning

Other projects failed because of inadequate planning or technical assessment.

A project to transport fruit from a Somalia district to the capital of Mogadishu had failed because a very small section of road had not been built "for reasons of economy." Two palm plantations were established in Togo and Benin, where rainfall was "seriously below the requirements" of the trees. Although lower production had been forecast, even this was far from being realised and in one case was less than a

## Support for joint tank plan wanes in Bonn

By James Buchan in Bonn

THE Franco-German project to finance an advanced battle tank for the 1990s is under increasingly serious threat from the West German side. Cancellation of the D-Mark project would be a serious blow to hopes of further co-operation in defence projects between the two countries.

Support for the programme, agreed soon after the Soviet invasion of Afghanistan, two years ago is dwindling in all parties in Parliament.

Herr Werner Marx, the Christian Democrat chairman of the influential all-party committee on defence, said yesterday in a newspaper interview that he could find no support whatever for the "Kampfpanzer 90," which is designed to replace the West German Leopard and the French AMX-30 in the 1990s.

The Government is still insisting that the project is crucial to Franco-German relations but is facing sharp criticism on financial and other grounds.

Members of the Government coalition are particularly concerned that some of the 500 tanks due to be built may find their way to trouble spots because of France's liberal arms export policy.

The military are also said to be anxious about differences in timing and requirements. The AMX-30 is due to be replaced at the beginning of the 1990s and the Leopard some five years later.

The committee has adjourned until February 3, when Herr Hans Apel, the Defence Minister, will testify. But will he be in position to give the affirmative as he will be under fire that day over the immense financing difficulties with the Tornado multi-role combat aircraft and problems with the construction of new frigates for the West German navy.

At present, the Government is seeking agreement at least on the "definition phase" until 1985, where West Germany will contribute around DM 16bn (£35m) to develop two prototypes using a modified chassis of the successful Leopard 2.

This would permit the development of a purely West German project within the life of the Leopard series.

### Haughey names finance spokesman

By Brendan Keenan in Dublin

MR CHARLES HAUGHEY, the Irish opposition leader, appointed Mr Martin O'Donnaghue as spokesman for finance in what is seen as a gesture to his rivals in Fianna Fail.

Mr O'Donnaghue, a former professor of economics, was closely associated with the manifesto which brought to power Mr Jack Lynch, Mr Haughey's predecessor, but which has since been criticised for beginning the trend of foreign borrowing.

Mr Haughey waited for more than six months before naming his front-bench after his defeat in last June's election. The delays were due in part to divisions in the party, but also to the uncertainty of the Government's position.

### Hoxha alive

Mr Enver Hoxha, the veteran Communist leader of Albania, scotched rumours of his recent death after a gunfight with the late Prime Minister Mehmet Shehu by appearing in the Albanian Parliament in Tirana yesterday, according to Albanian news agency reports monitored in Belgrade.

Larry Klinger, in Brussels, examines problems rich nations face in giving to the poor

## Finns bewildered by choice of President

BY LANCE KEYWORTH IN HELSINKI

THE RECENT resignation of President Urho Kekkonen after 25 years in office has confronted Finns with an unusual dilemma. During his quarter of a century in power no other candidate has been seriously considered for the presidency. Now "free" to choose, many Finns are bewildered, and the complicated election procedure does nothing to ease their uncertainty about the outcome of the election process which starts on January 17.

On January 17, all Finns over the age of 18 are entitled to vote in a poll to choose an

electoral college. On January 26, the college will meet in Parliament and is allowed up to three ballots in which to select the country's new leader.

Since each of the eight parties

in Parliament has put forward a candidate—and given the Finnish penchant for horse-trading—the college may well need all three ballots before reaching a decision.

Of the eight candidates, four are considered to have a serious chance of victory. The man-in-the-street's favourite is clearly Mr Mauno Koivisto, the Social Democrat currently

standing in for Mr Kekkonen. But since the President will be picked by the college and not by popular vote, the public opinion poll ratings of "Manu" as he is popularly known do not guarantee him victory.

Also well up in the running are Mr Johannes Virolainen, the Centre Party, and Mr Harry Holkeri representing the Conservatives, the second largest party after the Social Democ-

rats.

Mr Jan-Magnus Jansson has

been entered by one of the smaller political groups, the Swedish People's Party. He is

said to stand a chance of gaining ground as a compromise candidate if the electoral college finds itself deadlocked in the second ballot.

Although the election campaign so far has been rather low key, some eyebrows were raised by the brash young chairman of the Centre Party, Mr Pavo Vayrynen, who recently insisted that only his colleague

Mr Antti Karjalainen would make a suitable President, especially as he is favoured by Moscow. The Finnish President has almost complete control over foreign policy.

Mr Virolainen, however, backed by strong grass-roots support, and any attempt to Mr Karjalainen into the race the last moment will almost certainly cause an irreverent split in the Centre Party.

When the new President installed on January 27, his first task will be to accept the re-nomination of the Government. Depending on how the party fare in the tussle over presidency in the coming days it could prove difficult to put together a new coalition. It will even be necessary to call early general election.

## Agriculture hit hard by floods

By Leslie Collett in Berlin

RAGING FLOODS in 14 Polish districts have caused estimated damages of £10m (£29m at the official rate) to agriculture, mainly lost livestock and seedlings, as well as farms are areas delivering less than ever to state. Widespread damage to factories, homes and roads still being assessed.

Polish Radio said some 13,700 people have been evacuated from the Plock region west of Warsaw where 2,202 farms were abandoned. Thousands of cattle were removed to higher ground but many thousands more died in the flood waters of the Vistula River.

The Vistula, which is blocked by giant ice floes has formed several lakes inundating the land. The threat from a wall

to the Friendship pipeline bringing oil from the Soviet Union to Poland and East Germany has receded as the flood level of the river fell slightly to 9.3 metres, two metres above the emergency level at the city of Plock.

Flooding is also widespread along the upper and middle reaches of the Warta River.

In Czechoslovakia, which faces a serious energy shortage because of the absence of coal deliveries from Poland and a 10 per cent cut in oil this year from the Soviet Union, the important Sokolov lignite mining area which borders on Poland has been closed because of severe frost and dense fog.

Lignite is used to generate much of Czechoslovakia's electricity. In the adjacent heavy industry centre of Ostrava, production has been severely hampered by the need to thaw out deliveries of iron ore and frozen lignite, according to the Czechoslovak news agency.

## Bomb blast near Polish party headquarters

BY OUR FOREIGN STAFF

A



Polish soldiers distribute food to flood victims in the Plock region.

between January 2 and 13. The figures show that resistance to martial law is faltering and the country returning to normal, he claimed.

Parliamentary Deputies have been told that prosecutors have been instructed not to ask courts to pass the death sentence in cases tried under summary procedures for offences against martial law.

Next week plenary session of Parliament will be asked to approve the martial law decree in the form of a special Act.

Telephone communication has now been restored in Poland. But callers are warned by an automatic recording that their conversations are being "controlled."

Meanwhile, Mr Jerzy Wojciecki, the Agriculture Minister, told a news conference this week that meat supplies may be as much as 400,000 tonnes lower this year than in 1981. He also said that because of uncertainty about planned grain and fodder imports in the wake of U.S. restrictions, production of broiler hens has been cut by up to 350,000 tonnes.

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Shipping chief's fears, Page 4

## Call to confine sanctions to future contracts

BY DAVID TONGE AND PAUL CHEESERIGHT

THE UK Government is marshalling support in the EEC for the idea that any economic sanctions applied against the Soviet Union because of the Polish crisis should be confined to future contracts.

Crystallisation of this policy would harden differences with the U.S. over sanctions. The U.S. has already made its sanctions policy retroactive by making clear that GE, the engineering group, would not be granted licences to export vital parts to European manufacturers contracted to supply

turbines for the 5,550 km Siberia-West Europe gas pipeline.

There is already considerable support in the EEC over the issue, which has become a major UK preoccupation, officials said.

They noted that West Germany wants the pipeline to go ahead after several meetings over the next two weeks. These meetings will be in Nato, in Cocom, the international committee dealing with sales of strategically important equipment to most Communist countries, and in the EEC Foreign Affairs Council.

Concern to limit sanctions to future contracts has emerged since Mr Minister last week agreed not to undermine U.S. sanctions policy. Earlier this week, Count Otto Lambsdorff,

the West German Economics Minister, interpreted this agreement as applying only to contracts where a U.S. company is main contractor.

The extent to which the UK's view of sanctions has taken wider hold will be apparent after several meetings over the next two weeks. These meetings will be in Nato, in Cocom, the international committee dealing with sales of strategically important equipment to most Communist countries, and in the EEC Foreign Affairs Council.

Definition of an EEC sanctions policy, if such is

## OVERSEAS NEWS

JORDAN

# Syrian Foreign Minister flies to Moscow

BY LOUIS FARES IN DAMASCUS

MR ABDUL-HALIM KHADDAM, the Syrian Deputy Premier and Foreign Minister, started talks in Moscow yesterday which may be aimed at extending Soviet obligations to the protection of the Syrian military presence in the Lebanon.

The belief here is that another purpose of his talks is to prepare the ground for a visit by President Hafez al-Assad to upgrade the Treaty of Friendship and Co-operation, signed towards the end of 1980, into an equivalent of the U.S.-Israel strategic co-operation agreement.

Syrian officials have suggested that any Israeli attack on Syria would probably be launched through southern Lebanon rather than across the Golan Heights. The Syrians have over 25,000 troops stationed in Lebanon as the sole component of the Arab peace-keeping force.

Mr Khaddam's trip to Moscow came in the wake of his tour of the Arab oil-producing states of the Gulf from whom he is reported to have sought financial assistance for the purchase of more sophisticated Soviet weapons.

The Moscow talks got under way while the debate in the UN Security Council over Israel's seizure of the Golan Heights

drew to a close. In a speech in Damascus on Wednesday night, President Assad called for restoration of the balance of power with Israel so that the Golan Heights and other occupied territories could be "liberated".

He said: "International law permits Syria to recover its sovereignty over the Heights whenever and however deemed necessary."

Mr Assad made a pledge to recover not only the Golan Heights but all occupied Arab territory. "By now everyone has realised that there can be no peace without Syria."

Our Foreign Staff writes: The official Soviet news agency Tass said that Mr Khaddam would "hold consultations in accordance with the treaty of friendship and co-operation."

Neither the Soviet commitment to defend Syria has generally been understood to cover only a direct attack.

Mr Khaddam indicated in a recent interview that his Government was seeking a strategic co-operation agreement with the Soviet Union.

Delivery of more sophisticated weapons will certainly be one of Mr Khaddam's priorities. In an important speech last month he complained that Soviet supplies to Syria had not been comparable with those to Israel from the U.S.



MR ALEXANDER HAIG, the U.S. Secretary of State (above left) yesterday met Mr Yitzhak Shamir, the Israeli Foreign Minister (above right) in Tel Aviv and said that he would like to see some agreement on Palestinian autonomy before the final Israeli withdrawal from Sinai in April. But he stressed that this was not a target date.—David Lemon writes from Tel Aviv.

During his 24-hour visit Mr Haig will twice meet Mr Menahem Begin, the Prime Minister, as well as the Foreign and Defence Ministers. Few people here hold much hope for success of the latest U.S. attempt to infuse new life into the negotiations on autonomy for the 1.2m Palestinians living in the occupied West Bank and Gaza Strip.

Israel believes autonomy to be a temporary phase on the way to eventual annexation and co-operation."

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tion of the occupied territories, while Egypt sees it as a step towards the establishment of a Palestinian state. Mr Haig is apparently searching for some vague declaration of principles or memorandum of understanding which could create the appearance of progress.

Israel made it clear to Mr Haig yesterday that it believed that any breakthrough in the autonomy talks will have to stem from a change in the Egyptian position.

Mr Shamir said Israel totally rejects permitting the Arabs of East Jerusalem to participate in elections to a Palestinian self-governing body for the West Bank and Gaza Strip.

In the afternoon, Mr Haig discussed

Israel's security needs in the West Bank and Gaza Strip with Mr Ariel Sharon, the Defence Minister, and senior generals.

## Jordanians confident on UN votes

By Our Foreign Staff

JORDAN IS confident that it can secure the nine votes necessary to secure adoption at the United Nations Security Council of a motion calling for mandatory sanctions against Israel.

The Jordanians submitted their resolution yesterday after it became clear that Syria would not succeed with its harder line motion aimed at punishing Israel for annexing the Golan Heights.

If the Jordanians are successful the U.S. is certain to veto the resolution, despite the difficulties this will cause in relations between Washington and its moderate Arab allies.

Newspapers in Saudi Arabia commented yesterday that an American veto would be seen as "hostile to the Arabs" and would damage the U.S. role and friendships in the Middle East. Washington's unlimited support for Israel can only damage its credibility, said the daily *Okaz*.

The Jordanian resolution strongly condemns Israel for annexing the Golan Heights and would require all States to stop supplying it with all forms of military equipment. In addition, States would be asked to suspend economic assistance.

The five Western members of the Security Council are likely to vote against the resolution or abstain. Should the U.S. use its veto, the Arabs are expected to call for a special emergency session of the General Assembly.

# Pakistan denies giving pledge on N-testing

BY ALAIN CASS, ASIA EDITOR IN ISLAMABAD

PAKISTAN has not given any assurances about detonating a nuclear device as part of the recently ratified \$3.2bn (\$1.7bn) arms and economic aid package with the United States, according to Mr Agha Shahi, the Foreign Minister.

Mr Shahi said yesterday in an interview with the *Financial Times*: "We have given no assurances of any kind to the U.S. with regard to our nuclear programme."

Pakistan is believed to be trying to produce nuclear weapons and Mr Shahi's statement is bound to heighten concern over the possibility of a nuclear arms race in the sub-continent.

Mr Shahi added that the U.S. had spelt out the attitude of Congress—that if a country carries out a nuclear explosion, then aid will be suspended. He implied, however, that President Ronald Reagan's Administration is now deeply committed to propping up the military regime in Pakistan as part of its strategic aims in the region and might not take such a hard line.

Mr Shahi, who is due to hold talks with his Indian counterpart on January 29 in New Delhi over a proposed "no-war" pact, added: "The U.S. has made its position clear and we have understood it. Whether we explode a nuclear device will be a decision Pakistan will take knowing the consequences."

He repeated that Pakistan had no intention of producing nuclear weapons. "We make a distinction between an explosion and weapons," he said. "We do not rule out the possibility of a detonation if it is necessary for our programme."

Mr Shahi said that the new relationship with the U.S. was designed to leave Pakistan free to pursue other options if the relationship was not sustained. Mr Shahi is known to have his doubts about the wisdom of putting at risk Pakistan's non-aligned image.

Turning to the talks with India, he said the central objective would be to reinforce the Simla Agreement of 1972 in the wake of the Bangladesh war. This stated that both sides would reach peaceful settlements in disputes.

Mrs Indira Gandhi, the Indian Prime Minister, has recently accused Pakistan of arming

itself for war. "I want to state categorically," Mr Shahi said, "that Indian misconceptions are misplaced. They think that Pakistan will some day seek revenge for the events of 1971. For what purpose? It won't reunify Bangladesh and Pakistan."

Neither would Pakistan make a grab for Kashmir, he said.

It is understood that Pakistan will raise the question of parity of forces between the two countries at the meeting this month.

India has submitted a seven-

point proposal which includes a demand that Pakistan should renounce the F-16 deal.

The Indians also want the "no-war" pact to include a pledge by Pakistan not to allow U.S. bases in the area. This will be rejected by Pakistan, which is prepared to discuss the F-16 deal if India is willing to talk about its acquisition of Soviet MIG 25s and 27s.

K. K. Sharma adds from New

Delhi: Mrs Gandhi yesterday blamed Pakistan for holding up India's economic development by forcing her Government to raise defence spending following the arms deal with the U.S.

Coming shortly before the "no-war" pact talks, the remarks indicate that Mrs Gandhi does not expect much to emerge from the meeting.

Mrs Gandhi's reference to

Pakistan was made in a broadcast marking the completion of two years in office during which, she said, the Indian economy had made substantial progress.

The rate of inflation had

slowed to single figures and

industrial production had

increased by 10 per cent.

## Iraq warns of danger to Gulf ships

Thatcher to visit Japan in September

BY BERNARD SIMON IN JOHANNESBURG

DISMAL examination results and a series of administrative snarl-ups have raised fears of mounting tension in South Africa's black and coloured (mixed race) schools.

The schools have been a focal point of unrest since the Soweto upheavals of 1976, which were sparked off by a dispute over the use of the Afrikaans language as a medium of instruction. Since then, black and coloured schoolchildren have become increasingly politicised.

A prolonged boycott of classes by black and coloured pupils in the Cape province during 1980

## S. African school results worry

BY BERNARD SIMON IN JOHANNESBURG

appears to have been the main cause of a sharp drop in the matriculation examination pass rate at the end of last year. Only 56 per cent of coloured matriculants passed, and fewer than 15 per cent obtained university entrance certificates.

The normal pass rate in coloured schools is around 65 per cent.

The performance of black pupils at Cape schools was even poorer, with fewer than 40 per cent obtaining pass marks.

According to Prof Richard Van Der Ross, a prominent coloured academic, there is "a strong mood of uncertainty and

disappointment." Morale among teachers is understood to be low as disciplinary problems have increased.

Prof Van Der Ross said that the attitude among many pupils

was to undermine authority. "There is a feeling that they can work when it suits them," he said. The Government has set up a commission of inquiry to investigate the poor results.

Results in Soweto were also below average, with 57 per cent of pupils passing. In contrast, the pass rate among white matriculants in the Transvaal was 83.6 per cent.

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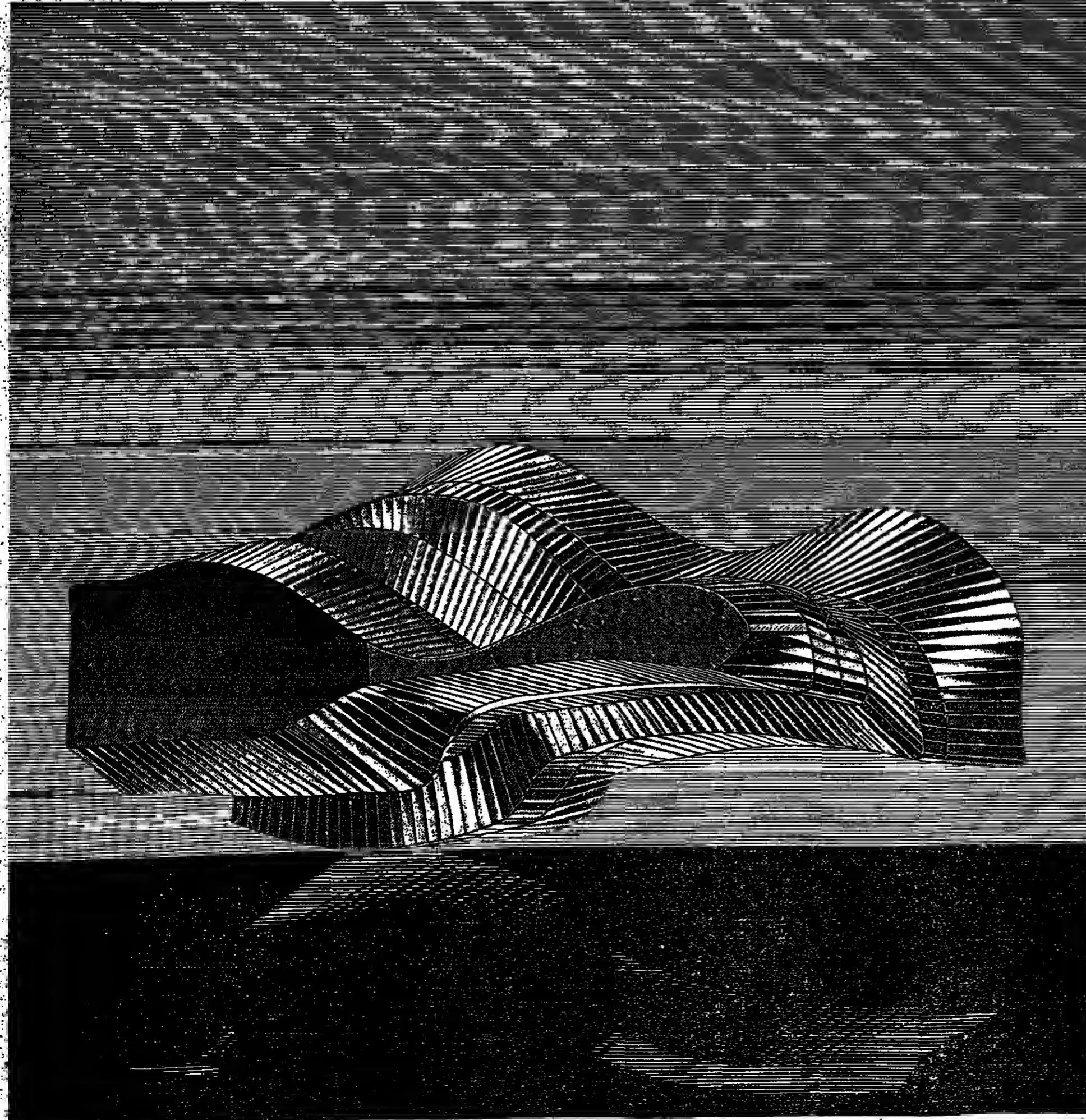
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## Australian payments deficit up to £770m

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA HAD an overall deficit of A\$1.7bn. When invisibles of payments deficit, such as shipping and insurance are included, the current account deficit was December 1981, according to A\$2.9bn for the six months to December 1980.

Weak export performance, caused by a sharp decline in the value of agricultural commodities and metals, and a lack of industrial disputes, especially at ports, contributed to a trade



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## AMERICAN NEWS

## Washington crash underlines airport row

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

**SALVAGE TEAMS** scoured the ice covered Potomac River in central Washington yesterday in a bid to raise the wreckage of the Air Florida Boeing 737 which crashed in a heavy snow storm on Wednesday afternoon. The cause of the crash, in which 77 people died was still unknown. Experts' hopes are pinned on recovering the two "black box" flight recorders from the river's murky depths.

Washington was traumatised by the crash—a crash which many safety experts had long feared. The plane plunged into the river midway between the White House and the Pentagon seconds after take-off from the capital's National Airport after smashing into the commuter-packed 14th Street bridge, one of the city's main arteries to suburban Virginia. Six motorists were killed as the plane sliced the roofs of their cars. Five of the aircraft's passengers survived after being plucked from the water among scenes of moving heroism.

The National Transportation Safety Board has warned against early speculation on the

cause of the disaster and said that analysis of the flight recorders, assuming they are recovered, could take anything from two days to two weeks. Information from the recorders will not be made public until after an inquiry, which could take several more weeks.

Nevertheless, the catastrophe is bound to rekindle the long controversy over the 41-year-old airport's safety. Jutting into the Potomac from the southern, Virginia shore, the airport is one of the nation's busiest. But it has some of the nation's shortest runways. Jumbo jets and Airbuses are not allowed to land.

The longest of the three runways, the one used by the doomed Air Florida plane, is just under 7,000 ft and there is virtually no over-run space when the concrete ends. The runways at Washington's Dulles International Airport are in the 10,000 ft range with plenty of spare space at the end.

The problem is that Dulles is 40 minutes or more from the centre of town. National about 10 minutes, and—hitherto, at least—few have been inclined to

speculate on the possibility that the aircraft



Rescue workers tie a rope to the jet's fuselage in the Potomac River.

was not properly de-iced. It spent two hours waiting for the air traffic control system. The 11,400 air traffic controllers sacked by President Ronald Reagan in August for going on an illegal strike have long warned that their continued absence makes U.S. air space unsafe.

What the Reagan Administration will hope to establish is that there was no fault in the

## The secret recordings of Franklin Roosevelt

By Paul Bette in New York

**FRANKLIN DELANO ROOSEVELT**, one of America's most popular Presidents, was using a secret recording device in the Oval office of the White House more than 30 years before a peculiar obsession with taping conversations brought down President Richard Nixon.

The revelation is contained in the coming issue of American Heritage magazine in an article by Professor R. J. C. Butow, a history professor at the University of Washington.

Professor Butow accidentally learned of the secret recordings and has spent three years reconstructing their background and deciphering discs used in a prototype device.

President Roosevelt used the device during an 11-week period in 1940, recording Press conferences in the oval office and some private conversations.

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## Lame ducks' have to go Beckett tells Government

JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT was to develop a long-term for nationalised industries which would include some "lame ducks" down. The call was last night by Sir Terence, director general of Confederation of British Industry.

said the Government's of policy for the industries damaging to the industrial fitness of the country as hole. Britain should "not sap resources by supporting 'stakings' which have no of a viable future."

Once an industry had given a breathing space re-equip and reorganise, it should be "no shilly-flying" when the time was over.

We really will have to let or two go in the future to encourage less others," Sir Terence, delivering in a series of Stockton lectures at the London Business School on the theme of Industrial Strategy. The role Government.

Terence argued in general a more positive "sound industrial policy" to be developed jointly by government and industry.

His lecture was carefully

balanced to try to bridge the gap between Sir Terence's own belief in a more positive policy and a basic opposition by many CBI members to any state interference in industrial affairs.

He stressed that the primary responsibility for developing effective industrial policies rested with individual companies. But the Government also had a key role in areas such as nationalised industries, lame ducks, new technology industries, regional support, and longer-term policies such as education.

Overall, his lecture appealed for more consensus on industrial affairs. But he also demonstrated he was sensitive to possible accusations that he might be developing middle-of-the-road policies suitable for leaders of the Social Democratic Party (with whom he is holding talks).

You should not suppose from this that industry is looking for some sort of middle way between the policies of the Conservative and Labour Parties, or is indulging in nostalgia for the Bentskism of the 1960s. Some of us are convinced that a number of our present troubles began in that very period," he said.

Nevertheless, the ideas put forward by Sir Terence were

much in line with those being developed by the Social Democrats.

They are also relevant to current government discussions on how to deal with nationalised industries and on the way the Department of Industry's budget is split between propping up dying industries and encouraging new technologies.

Sir Terence said it was "quite amazing" that a consensus had not been developed over 50 years for managing nationalised industries. Wholesale de-nationalisation was not the answer, although privatisation could help in some areas.

The industries' top managers and directors should be paid more and should also be sacked if they failed to perform adequately.

Government help was needed in developing new industries, said Sir Terence.

It was necessary for a government to be selective in what it backed, even many industrialists were strongly against selective action, he added.

"We are all very worried about the selection process. The truth is that we must get on with it. While we avoid discussing it because of the threat of Government intervention, other countries are streaking ahead," said Sir Terence.

## Maritime world clashes over Gulf war toll

Raymond Hughes analyses the legal wrangle involving more than 70 trapped vessels

terers pay additional war premiums, they could also be held responsible for the cost of sending a ship to a same port if the port became unsafe after the vessel arrived.

The Evin's owner had argued that, if the charterer had been frustrated, that frustration had been self-induced by the charterer in taking Evin to Esrah, an unsafe port.

The charterparty provided that the vessel should be employed between safe ports. The question was: if a port was safe when the vessel entered, was the charterer plunged into breach of the charter party if it was broke out and made it unsafe?

The Commercial Court ruled that a charterer warranted that the port to which he ordered the vessel would remain safe while the vessel was there.

The appeal court reserved its judgment before Christmas. It is expected to give its ruling within the next two weeks. The case will probably go to the House of Lords.

The legal wrangling could therefore go on for many more months. And even when the lawyers have finished with the problems that will not be the end of the matter. For then will come the financial reckoning with us as yet uncertain consequences for such things as future chartering and insurance terms.

In the meantime the trapped vessels will slowly rust at their moorings, creating yet another future problem.

FOR THE PAST 17 months, more than 70 vessels have been immobilised in or near the Shatt-al-Arab waterway, off the Arabian Gulf, as a result of the Iraq-Iran war.

Their entrapment has created problems for the maritime world. Each involves many millions of dollars.

One concerns the insurance implications, the other the effect on the charterparties under which the vessels were operating.

Some light has been thrown on the first by the publication of Mr Justice Staughton's award in a test case—the judge had been asked to give guidelines to help to clarify the situation in regard to all other trapped ships.

In his 50-page decision, he was

careful to emphasise that only those concerned with the specific vessel were bound by his award, and that, in all other cases, his guidelines would have to be read in conjunction with the insurance contracts.

The charter party has been the subject of numerous claims in the Commercial Court. The Court of Appeal is expected to rule soon on the most significant of these.

Estimates of the insurance bill—the lion's share of which will fall on the London market, either through direct insurance or reinsurance—have ranged between \$200m (£107m) and \$400m.

The policy clauses in issue are those covering war risks and "blocking and trapping," and Mr Justice Staughton has held that underwriters offering either are liable—subject to certain qualifications.

The implications of his decision are being closely studied by underwriters. It contained no real surprises, but it is too early to say whether it will be

challenged on appeal to the court.

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selected as the frustration date in two, October 4 in one and December 9 in the other.

When the case of the Evin arrived in the Court of Appeal—the first of the disputes to get that far in the courts—the three judges were unanimous that it was essential, for commercial as well as legal reasons, that there should be some uniformity in the matter.

They agreed that the proper date in all cases where the basic facts were "strikingly similar" should be that selected in the first case ruled on by the courts.

That seems likely to be the Evin, in which the Commercial Court agreed with the arbitrator that frustration occurred on October 4 1980.

The trapped vessels were, for insurance purposes, a constructive total loss, he said.

The judge held that the vessels had been restrained—at least for insurance purposes—since September 23 1980, when the Iraqi Government prohibited navigation.

No such certainty of date yet exists as far as the frustration of charter parties is concerned. Some distinguished City arbitrators have differed widely in their views on that date.

In the four disputes that have gone to London arbitration, the point of considerable importance to shipowners and charterers, because the date of frustration determines the amount of hire due to be paid by the charterers of the trapped vessels.

But on the full hearing of the Evin appeal, the court was told that, important as the frustration issue was, it was "awarded" by that relating to safe ports—which links the frustration cases to those over insurance.

The Commercial Court had held that, not only must char-

## New life premiums at record levels in 1981

BY ERIC SHORT

THE UK life assurance industry had a good year in 1981 for new life and pensions business despite the recession. New annual premiums—almost £2bn and single premiums were more than £1bn for the first time.

Figures issued yesterday by the life company associations showed that new annual premiums improved 17 per cent to £1.95bn—a growth rate well in excess of the 1981 inflation rate of 12 per cent.

Single-premium business was even more buoyant last year, up by 66 per cent from £389m to £1.07bn. In money terms, there were records in both annual and single premiums.

New sums assured (the initial level of death cover) in 1981 were 14 per cent higher, at £7.9bn, while new annuities rose, marginally, by less than 1 per cent to £1.69bn.

However, these preliminary figures do not show the wide variation in life and pensions business written by individual life companies. The full breakdown of figures is not published.

by the Life Offices Association until later in the year.

But the new business figures issued by life companies over the past two weeks show some definite patterns of growth. The biggest growth area has been in unit-linked business, both for individual savings and for pension contracts.

The second major growth area last year was in self-employed pension contracts following the further tax concessions given in the 1980 Finance Act and the introduction of a loan-back facility for these contracts which enables the self-employed to borrow money from the life company.

The executive pension and company pensions market has been dull because of the recession, with massive redundancies and a lower rise in payroll of companies.

The sector particularly hit last year was the industrial life business—where premiums are collected weekly or four-weekly by agents at the homes of policyholders. Annual premiums last year rose only slightly from £208m to £211m.

## Cost of home rebuilding actions rose 4.5% last year

BY ERIC SHORT

THE TOTAL cost of rebuilding a house or bungalow in the UK increased by 4.5 per cent last year, the lowest annual rise for many years.

The British Insurance Association yesterday published the latest value of its House Rebuilding Cost Index. It reached 150.9 on December 31 1981 compared with a value of 144.4 a year earlier.

Against this modest increase rebuilding costs rose in 1980 by 14.4 per cent and in 1979 by 20.3 per cent.

The index is compiled and calculated for the BIA by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. It began in July 1978 at a level of 100, and since then has been calculated at the end of each quarter. It is designed to ensure that householders insure their property for the correct sum, which should be based on re-

building costs rather than market values.

The index rose by 1.1 per cent in the final quarter of last year, due to a slight price increase for some materials. Labour costs remained unchanged over the period.

help say

Oil and gas industry test certificate fraud alleged

TWO NORFOLK men accused of issuing false test certificates for equipment used in the oil and gas industry have appeared at Kings Lynn Crown Court.

Mr John Edward Overton, 33, of Blodfield, near Norwich, and Mr Paul Olive Leman, 31, of Newton Flotman, are charged with conspiring to defraud by issuing false documents. Both pleaded not guilty.

Mr Gerald Draycott, prosecuting, told the court that Overton was the managing director, and Leman the sales director of a company called Trident Petroleum in Yarmouth.

The firm supplied companies

in the oil and gas industries with metal pipe fittings, all of which were supposed to have a test certificate. The test certificate gave important information about the specifications of the goods sold, said Mr Draycott.

He alleged that the two men bought uncertified goods between September 1979 and April 1980, and sold them with false certificates. These did not relate to the equipment, and had been copied from old certificates.

The case is expected to last at least three weeks.

help say

Telephone bugging query

AN MP is to ask Mr William Whitelaw, Home Secretary to explain why a public telephone kiosk in a remote part of north Wales was bugged.

A Common question tabled by Mr Dafydd Wigley, Plaid Cymru MP for Caernarfon will ask Mr Whitelaw if he gave permission for the bugging at the bungalow of Talyarn, 10 miles from Caernarfon.

A miniature transmitter was found hidden in the kiosk by

Mr Moses Edwards, who lives in nearby housing estate, after he saw two men acting suspiciously.

Before me could hand the device to police, the men returned and allegedly said: "We're from the Post Office, and it's been bugged by us."

Villagers believe the bugging may have been part of the investigations aimed at trapping firebugs responsible for the arson attacks on holiday homes in Wales.

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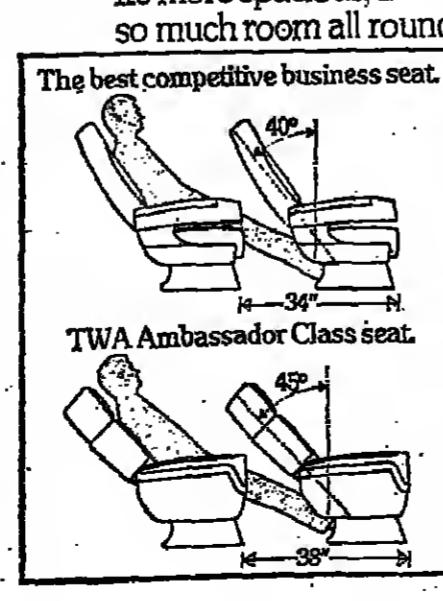
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## UK NEWS

## Phillips resigns as chairman of UBM

By Ray Maughan

MR MICHAEL PHILLIPS resigned yesterday as chairman and managing director of UBM Group, the largest specialist builders' merchant in Britain. A statement issued by the company yesterday said he had "reached this decision following disagreements on the structure of, and responsibilities within, the board."

UBM is appointing management consultants to find a new chief executive. Mr Gerald Wightman, chairman and chief executive of Sketchley, the dry-cleaning group, has been appointed non-executive chairman.

He has been on the board as a non-executive director for 12 months since he replaced Mr William Fieldhouse, head of Carrington Viyella.

Mr Phillips, 50, had been with UBM for 21 years and on the board for 15 years. He was appointed chairman six years ago when he took the place of Mr Eric Scantlebury and became managing director three years later when Mr Robert Thornton went to Debenham.

Mr Phillips had six years of his service contract to run and his annual remuneration was shown at £53,000 in the latest accounts. He said yesterday he was claiming "substantial damages and costs."

Mr Wightman confirmed that the question of compensation had been discussed and a "very ethical settlement" had been reached.

Both sides accepted that the board had been in disagreement for several months. Mr Wightman said there had been a "difference of opinion as to how the management should be structured."

UBM's profits in the year to last February slumped from a peak of £12.37m to £2.67m. The subsequent six months saw a loss of £831,000 against a previous pre-tax profit of £2.33m.

The principal cause was a £325,000 loss in the builders' merchant division—which accounts for about 75 per cent of the group's turnover—compared with the previous £2.02m profit. The dividend was cut.

UBM operates in a highly cyclical industry, and although it had acted to cut overheads and trim peripheral businesses, it was apparently quite unprepared for the severity of the recession which affected the building industry in 1980-81.

The intended solution to these problems lies at the centre of the row. Mr Phillips said he felt UBM should counter the cycle by developing a retailing operation.

The group acquired a 51 per cent stake in a Californian company, Nieman-Reed Lumber and Supply, in July for that reason and was on the point of recruiting a retail specialist to the main board.

Mr David Wares has been appointed head of the builders' merchant division in place of Mr John Miller, who retires next month, and the board expects to consider next week his proposal.

UBM is understood to be attacking its high fixed overheads in this area to the exclusion of further retail expansion.

Men and Matters, Page 18

## Owen wants unions to join policy dialogue with SDP

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

DR DAVID OWEN, a member of the SDP's collective leadership, yesterday called on the trade union movement to review its relationship with the Labour Party and to enter talks with the Social Democrats over policy. The unions would then be able to influence, at its formative stages, a "social partnership" the Social Democrats want to develop with unions and management.

Dr Owen outlined a combination of trade union reform, pay policy and industrial democracy to form the basis of the party's industrial relations policy in a lecture at Leicester University.

The party would develop policies allowing trade unions and management to see themselves as "social partners," he said.

One of the key issues facing the Social Democrats is the degree of co-operation it can expect from the trade union movement given its historic links with the Labour Party.

Dr Owen said he did not expect to see any individual trade unions breaking their historic

ties with the Labour Party over night.

But he claimed that for the TUC to cling only to the Labour Party and exclude a constructive dialogue with the Social Democrats would be a folly which their members would not accept. The SDP wanted to open a dialogue with unions and management.

Dr Owen rejected suggestions that the SDP members were opposed to the unions. "The SDP is not and never will be anti-trade union. It would certainly cease to be true to social democracy if it did," he said.

Nevertheless, he said, some legislative changes would be necessary to get the proper balance between unions and management. A Social Democratic Government might feel it necessary to act on selective strikes.

It was wrong that a small group of strategically-placed employees could in effect pursue a claim on behalf of others who remained at work on full pay but who could often, because of the strike, not carry

out their normal work.

Dr Owen argued that office holders of trade unions should be periodically elected by a secret ballot of union members.

Dr Owen said that another area for detailed consultation

would be a policy to restore non-inflationary comparability to the wages of the non-commercial part of the public service, in exchange perhaps for agreements not to strike.

There was an absolute necessity for governments to have an incomes strategy which linked market bargaining to the commercial sector, with the non-commercial public services' pay rates. It was realistic bargaining in the commercial sector which held the key not only to reform of industrial relations but also to a sensible incomes policy.

Dr Owen also reaffirmed the SDP's commitment to industrial democracy. Until there was a "fundamental equality of information" around the bargaining table, there would continue to be unrealistic claims.

Innos will pioneer fast chips at Welsh plant

BY JASON CRISP

INNOS, THE state-backed semiconductor manufacturer, in July will start to make the first 64K RAM memory microchips in Britain at its new factory in Wales.

The 64K Random Access Memory is the latest generation of mass-market memory microchips. Each chip can store more than 64,000 units of information. The market for the 64K RAM, which is still small, has been dominated by Japanese companies, particularly Hitachi and Fujitsu. Siemens began European production of a 64K RAM chip in August last year.

Innos believes it will be able to capture 5 to 10 per cent of the world market for 64K RAM chips which is expected to be worth \$100m (£54m) in 1983.

Innos specialises in high-speed memory chips for which it can achieve a premium price. The new 64K RAM made in Wales will be faster than Japanese products.

All Innos chips are made at its facility in Colorado Springs in the U.S. Its British factory, outside Newport, Gwent, is almost ready and the first equipment will be installed next month.

## More orders for digital exchanges

BY JASON CRISP

PLANS BY Consolidated Bathurst of Canada to reopen the former Bowater newsprint mill in Cheshire are several months ahead of schedule. But the company expects to spend up to £4m more than initially announced.

Mr T. Oscar Stangeland, executive vice-president, pulp and paper, said yesterday that the actual capital investment—apart from £20m for the mill purchase and working capital—would be about £30m instead of £26m.

The Canadian end of the transatlantic project, the conversion of the company's pulp mill in New Brunswick, will also cost more—probably £105m (£57m) against £98.8m.

## Vauxhall lifts Cavalier sales target to 70,000

BY JOHN GRIFFITHS

VAUXHALL has lifted its sales forecast for the Cavalier model launched in September by 10,000 units this year, to 70,000. This is just under 5 per cent of the predicted total new car market of 1.52m-1.55m.

The Luton plant, which builds the 1.3 and 1.6-litre Cortina, is operating at single-shift capacity of 29 cars an hour as Vauxhall will be faced with increasing imports of models from the Opel plant in Antwerp to meet demand.

British Telecom spends £700m to £800m a year on exchange equipment. It is mainly buying less sophisticated TXE4A exchanges.

The exchanges will be brought into service in Birmingham, Coventry, Edinburgh, Leeds, Liverpool and a number of other major centres in the next two years.

Sir George Jefferson, chairman of British Telecom and Mr Kenneth Baker, Minister for Information Technology, fly to India this week to try to persuade the government to buy System X. The combined forces of the three companies and British Telecom have yet to win an export order for System X.

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The quality of the needle coke is becoming increasingly important, however, as the requirements of the steelmakers become more demanding. Price of needle coke is also a factor. Airco is only second in the U.S. in carbon graphite to Union Carbide and obviously does not get as good a deal from the

needle coke.

By its own reckoning, Airco is fifth or sixth in the world league of carbon graphite producers, after Union Carbide, Sigma (owned by Hoechst and Siemens) and three Japanese companies.

The new plant and expansion at the existing plants in Pennsylvania and Niagara Falls will increase capacity initially by 20 per cent, later by 50 per cent. In five years carbon

graphite will account for about 16 per cent of group capital assets.

Investment in gases, however, will be greater than carbon graphite, says Mr Giordano. This bedrock of BOC's business will account for about 60 per cent of assets in the mid-1980s.

The UK is the one area where BOC is not expanding in gases, because, says Mr Giordano, the big investments in the 1970s led to overcapacity.

There will be those who see in Airco's big capital spend a bias against the UK. Airco's profit record has been erratic over the years. But Mr Giordano emphasised at Airco's head office in New Jersey yesterday: "We are more opportunity-limited in the UK than finance-limited."

Interestingly, however, the slimmed UK interests took like being the most profitable part of the group this year.

## British Gas restructures senior management

By Ray Dafra, Energy Editor

BRITISH GAS Corporation has restructured its top management following the Government's decision to reduce the number of executive board members.

Five managing directors have been appointed from within the corporation for the main headquarters divisions.

The move follows the retirement of Mr Bryan Smith, Member for marketing, and the non-renewal of the contract of Mr Geoffrey Roberts, Member for external affairs. Both jobs have been abolished on the orders of Mr Nigel Lawson, Secretary of State for Energy.

The new team will be: Mr James McHugh, managing director, production and supply; Mr William Jewers, managing director, finance; Mr Charles Donovan, managing director, personnel; Mr Ron Probert, managing director, marketing; and Mr Chris Brierley, managing director, economic planning.

Mr Jack Smith, deputy chairman and chief executive; Mr Gordon May, secretary and the five managing directors will form the group executive committee.

The reorganisation stems from the Government's plan to reduce the number and influence of executive directors.

Steel output up

STEEL production in Britain last year was 15.5m tonnes, with average weekly output in the second six months 20.4 per cent up on the same period of 1980.

The 1981 total compares with 21.5m tonnes in 1979. The total of 11.2m tonnes is distorted by the effects of the three-month national steel strike.

Production between July and December averaged 231,200 tonnes a week. December output averaged 263,600 tonnes a week, up 8.3 per cent on December 1980.

Liquidation figures

THERE were 605 company liquidations in England and Wales in December, according to Department of Trade statistics published yesterday. This compares with 798 liquidations in November and 487 liquidations in December 1980.

Salem appeal

THE COURT OF APPEAL yesterday reserved judgment on the appeal by insurers of the cargo of the tanker Salem against a Commercial Court ruling that the cargo was lost as a result of a peril against which the cargo owner, Shell International Petroleum, was insured. The tanker was scuttled off the West African coast.

M-way action

MOTORWAY campaigners seeking to protect the Darenth Valley in Kent have asked a High Court judge to block the approved route for the Swainey to Sevenoaks sector of the M25. The proposed route was announced in January and came as a blow to protectors whose alternative routes were rejected by the Environment Secretary.

More shoe jobs

NORWICH children's shoe manufacturer Start-rite is to provide 60 jobs, mainly for school-leavers. The company said orders for spring shoes were 18 per cent higher than a year ago.

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## Jenkins opens Hillhead campaign

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR ROY JENKINS entered the Scottish political scene last night with calls for a programme of renewal for Glasgow and the west of Scotland.

The leading Social Democrat arrived in Glasgow to accept adoption as the SDP-Liberal Alliance's candidate for the forthcoming by-election in Glasgow Hillhead, following the death of Sir Thomas Galbraith, sitting Conservative MP.

Mr Jenkins admitted his lack of Scottish connection, for which he is likely to come under fire during the campaign.

"I am not a Scot, I am not a Glaswegian, I have a Glasgow degree but proud though I am of it, that hardly counts," he said.

He added he had a profound sense of the history of Glasgow and its contribution to British greatness. But the city had suffered

## Research body calls for six freeports

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A PROPOSAL for the establishment of six freeports in Britain has been submitted to the Government by the Adam Smith Institute, an independent research body concerned with free-market studies.

The six centres suggested adjourn airports in Aberdeen, Cardiff, Liverpool, Manchester, Newcastle and Prestwick in Scotland.

They accounted for an estimated 9 per cent of world trade last year and generated 6m jobs. According to Mr Walter Diamond, the American economist, their share of world trade will rise to 20 per cent by 1984.

The institute's report was commissioned by Mr Iain Sproat, Parliamentary Secretary at the

Department of Trade, last autumn.

The first part, discussing how freeports work and how many could be established in Britain, was delivered to him just before Christmas. The second and final part, which should be completed by the summer, will deal with the mechanics of British freeports, such as boundaries and boards of management.

Dr Madsen Pirie, who wrote the report, said yesterday that the institute was looking at sites around airports because the Government owns a lot of such land potentially useful for high-value, small components industries.

The search resumed and Co Durham became a leading contender, partly because of Airco's new "Britishness." Graphite electrodes for export worldwide could, at least theoretically, be made almost anywhere.

Mr Ian MacGregor offered British Steel Corporation's steel mill at Consett at an

attractive price and the Government offered grants totalling about 40 per cent of the capital cost.

The decision to build a new plant—after extending plants over the years—was taken two-and-a-half years ago. Exhaustive studies using consultants were made of potential locations and a site in Consett was chosen. It was abandoned at some cost when foundation problems were discovered.

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## Manchester aids small companies

BY NICK GARNETT, NORTHERN CORRESPONDENT

TWENTY-SEVEN small businesses—some with apparent export potential—have been set up with the assistance of a scheme organised by Manchester Business School and the Economic Development Corporation of the area's metropolitan council.

The companies, which have an estimated combined turnover of more than £1.5m, range from micro-electronics, instrumentation to footwear and model kits.

The scheme, Greater Manchester Enterprise, involved a course of seminars from September 1980 to July 1981 on all aspects of setting up and running a company and included assistance on funding and a competition for aspiring businesses.

The scheme is thought to be the only one to combine advice and competition for individuals who already have a product idea. The business school hopes a second course will be sanctioned later this year.

The Greater Manchester Economic Development Corporation covered the cost of the venture, but the funding for the small businesses—some to the tune of more than £50,000—was provided by the banks, mainly Barclays.

One of the small companies—Epic Products—manufactures

water purity samplers and already has £50,000 worth of orders.

The business school said yesterday that 20 of the 27 businesses were either wholly or mainly involved in manufacturing, 13 were concerned with new products and six had "high export potential".

So far, the new companies have created 60 jobs and the business school said it was projected that this would rise to between 200 and 400 in the next three years.

The Department of Industry's small firms service has been assisting since the end of the involvement of the business school and the economic development corporation.

Mr David Watkins, director of the new enterprise centre, a leading arm of the business school, said the results of the joint programme of assistance and competition in terms of job creation appeared to be greater than other comparable assistance programmes.

There were several hundred applications to join Greater Manchester Enterprise but its panel of businessmen and company specialists accepted slightly more than 50. The best 18 were involved in the competition, with a first prize of £12,000.

## Authors win injunctions to stop sale of study-aids

BEST-SELLING authors Alan Silftee and Laurie Lee were granted High Court injunctions yesterday to stop the import and sale of study-aids which, they claimed, infringed the copyright in their works.

The injunctions were also granted to representatives of the estate of George Bernard Shaw.

But, after imposing the ban, Judge Mervyn Davies QC agreed to suspend its operation to allow negotiations between the authors and their publishers and distributors of the study-aids, McGraw-Hill Book Co.

McGraw-Hill has been sole distributor of the study-aids entitled Coles Notes and imported from Canada since April 1976.

It denied that the import and sale of three books of study notes on Silftee's "The Loneliness of the Long Distance Runner", Lee's "Cider With Rosie" and Shaw's "St. Joan" infringed the authors' copy-right.

After reading the study aids, the judge said they reproduced substantial parts of the original works and were not within the exemptions allowed in the Copyright Act for "fair dealing" in works for the purposes of research or criticism.

He said it did not seem right that anyone should be allowed to put books on the market making "full and free use" of an original work without any reference to the copyright owner.

Mr John Mummary, counsel for the authors, told the judge that they agreed to the order being suspended so that negotiations could continue in an attempt to reach a "commercial arrangement" with McGraw-Hill.

The suspension will also allow McGraw-Hill to consider whether to appeal.

A lawyer for the authors and publishers said later that the action had concerned only three of about 60 titles in the Cole's Notes.

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## Recovery in hallmarking by Assay Offices

By James McDonald

THERE WAS a partial recovery in the hallmarking of gold, silver and platinum articles by Britain's four Assay Offices in London, Birmingham, Sheffield and Edinburgh last year, compared with the depressed levels of 1980.

During 1981, the Assay Offices hallmarking 19.3m gold, silver and platinum articles—3m, or 17.6 per cent, more

than the area to surface again when the negotiations resume tomorrow.

The joint committee of the Assay Offices of Great Britain says it is too soon to predict any long-term recovery. But in the fourth quarter of last year, the number of gold objects sent for assay, at 4.5m items, was 33.5 per cent greater than in the same period of 1980.

The combined weight of the four earn standards of gold hallmarking in the quarter was 40.8 per cent more than a year before at 13,457 kilogrammes.

The total number of silver articles hallmarking in the past three months of 1981, at just over 1m, was only 2.8 per cent more than in the same period of 1980.

By contrast, hallmarking of platinum wares declined in the fourth quarter of last year against the same 1980 period.

## Thoughts of glittering prizes strain Alliance

BY IVOR OWEN

AS THE Social Democrats and the Liberals eye the glittering prizes potentially within reach of the Alliance in Devon and Cornwall, they resemble the two miners prospecting for gold who, shortly after teaming up, are strongly tempted to grab each other warmly by the throat.

It is a temptation which has been resisted so far but the strains attendant on sharing out the anticipated spoils, in terms of which winnable seats should be contested by Social Democratic or Liberal candidates, are still strongly in evidence and are likely to surface again when the negotiations resume tomorrow.

Recognition by the SDP leaders that without more recruits from the Conservative benches in the Commons they will become increasingly vulnerable to the Prime Minister's charge that they are merely pawns over a mark II Labour Party lies behind the bitter conflict over the Bodmin constituency which, if not contained, could pose a threat to the future of the Alliance in the far South West.

Strategy

Dr David Owen, MP for Devonport and former Foreign Secretary, who set the pace in the events which led to the formation of the SDP, is the key figure in a strategy designed to entice Mr Robert Hicks, the left-of-centre Conservative MP for Bodmin, into its ranks.

Mr Hicks was a loose voice among the Conservative whips

when he advised Mr Edward Heath against calling a general election in February 1974. The vindication of his judgement saw Bodmin, which he recaptured from the Liberals in 1970, return to them until he regained it for the second time in October 1974.

It is clear that, if Bodmin is allocated to the SDP, it will be used as the basis for a renewed "come and join us" appeal to Mr Hicks, whose unconcealed distaste for the harsher consequences of current Government policies and public acknowledgement of the role which a soundly based centre party could play in British politics, have made him a leading target for SDP recruitment.

Dr Owen has played no direct part in the area negotiations up to now. They have been dominated by the rumbustious Mr David Penhaligon, a Liberal folk hero since October 1974 when he won Truro—a seat which had been in Conservative hands for nearly 25 years.

He has taken the lead in underlining the fact that in three out of the last six general elections the Liberals have topped the poll in Bodmin, and the patience of SDP representatives in the negotiations has been tried even further by his insistence that the Liberals should also have a clear run in four other grade one seats.

These are Truro, North Cornwall, North Devon and the new South Devon constituency which is expected to be carved

In the first of two articles on the Liberal/SDP Alliance in the West Country, Ivor Owen looks at how the 'spoils' will be divided

out of the existing Tamar division.

If the SDP is to concede these demands the Liberals will have to provide a quiet *pro quo* in some other part of the country. This was one of the major issues discussed at last week's "peace talks" in London.

### Final outcome

The outcome was a change of emphasis in the guidelines framed for the seat-sharing negotiations designed to ensure that overall, winnable constituencies are allocated in a way which is likely to lead to parity in the numbers of SDP and Liberal MPs in the Commons after the next general election.

Neither side will persist with demands which imperil the Alliance in the West Country, and the final outcome is likely to take account of the reality that most of rural Devon and Cornwall is prime Liberal territory.

But the SDP will not lose

sight of the fact that although the Liberals always proclaim high expectations when the electoral tide is running against the Tories, they have never held more than three seats at any one time in Devon and Cornwall since the Second World War.

Morale among Conservative rank and file supporters in Devon and Cornwall is at a low ebb and the mounting effect of the severity of the recession on the all-important tourist industry, record bankruptcies among small businesses and the cash flow problems of those being made at the next general election into the 13 Conservative held seats.

Most constituencies in the area seem certain to undergo boundary changes before the end of the present Parliament as part of the biggest exercise for 150 years in redrawing the political map of Britain.

This has introduced a further hazard into the complex task of assessing the prospects for the Alliance in a part of the country noted, largely because of its Liberal tradition, for not conforming with national voting patterns.

In what most Conservatives in the areas concerned regard as another instance of the perennial triumph of hope over experience, the SDP has already agreed to look beyond the grade one seats in the belief that it can snatch victories in Exeter, St. Ives—the seat of Mr John Nott, the Defence Secretary—and two Plymouth constituencies in addition to that to be contested by Dr Owen.

While scoffing at such far-reaching ambitions, leading

Conservatives in the region candidly admit that, if the Alliance holds together, it can mount a formidable challenge in what they have previously regarded as "safe" Tory seats.

Nevertheless local Conservatives, echoing the words of senior ministers, are convinced that there will be a dramatic transformation in the party's fortunes by the time—still likely to be the best part of two years away—Mrs Thatcher decides to call an election.

**Encouraging**

The uncomfortable thought remains that in a "photo finish" the loss of seats in the West Country could play as big a part in the SDP's fortunes as its success in the West Country could play as big a part in the Liberal tradition, for not conforming with national voting patterns.

The frequency with which Conservative officials quote Sir Harold Wilson's dictum that a week is a long time in politics provides an interesting example of how, as the pressure mounts, what was once regarded as a reprehensible example of deeply ingrained cynicism becomes an encouraging fact of political life.

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Alveronic Computer Systems Ltd, Alveronic House, Alverton Avenue, Hull HU5 1QQ. Tel: 01482 852111.

Applied Computer Systems Ltd, Warwickshire House, Warwick Road, Old Traford, Manchester M16 9QQ. Tel: 01-243 7100.

Arden ITC Ltd, 150 Queen Victoria Street, London EC4V 4DA. Tel: 01-243 0499.

Management Control Systems, 3 Wyndham Grove, Fallowfield, Manchester M14 6KC. Tel: 061-243 7100.

Online Computing Ltd, 150 Queen Victoria Street, London EC4V 4DA. Tel: 01-243 0499.

To Teresa Gubbin, Digital Equipment Co. Limited, Digital Park, Imperial Way, Reading RG2 0TR. Tel: Reading (0734) 868711. Please send me your new brochure "A Strategy for Buying a Small Business Computer".

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# THE ASLEF DISPUTE

## An Appeal to all our Customers.

Whilst we deeply regret the hardship and inconvenience caused by the present strike action, we ask all our customers to support the stand we are taking to ensure that commitments to alter out-dated working practices are honoured.

Flexible rostering, which is the issue in the ASLEF dispute, is only one of the changes we need to modernise the railway. This programme of change was initiated in agreement with all our Unions in May 1980, and positive commitments on six specific initiatives were made in August last year.

The pay agreement we reached at that time was on the strict understanding that there would be progress in implementing these essential improvements in efficiency. In our present financial position it would have been irresponsible of us to have acted in any other way.

Like railways in all other major countries, British Rail is financially supported by the community as a whole. Directly or indirectly, everyone in Britain

is a customer of British Rail. And everyone contributes to our finances as a tax-payer. That contribution, as our critics often remind us, is now running at more than £2 million a day.

A lot of money.

Which surely means that we have a bounden duty to become as efficient and cost-effective as we reasonably can.

The changes in working practices which underlie the ASLEF dispute are essential to the modernisation of the railway. Modernisation, as we have often argued, needs more public money for investment. This will require a big change in public attitudes to the importance of railways in this country.

But, by our own efforts, we have to justify more investment and to earn a change in the public standing of the railways.

The point blank refusal of one section of our work force to make any headway on flexible rostering goes to the heart of the matter. ASLEF knew this in August. They understood the argument. And the arithmetic.

We hope you understand why we have to stand firm.

## COMPANY NOTICES

### DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC CO.)

DESIGNATED COUPON NO. 44

(Action Required on or Prior to 30th April 1982)\*\*

Chennai, 5th January 1982: The Depository (the "Depository") and the Depository (dated as of February 5th 1973 among the Company, Tokyo Shibaura Electric Co., Ltd., the "Company", the Depository and the Admire of European Depository Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, per value 50 yen of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan on 30th June 1981, the Board of Directors of the Company has decided to pay a cash dividend of Common Stock.

The dividend on the shares of Common Stock on deposit with the Depository under such Deposit Agreement, less a portion thereof withheld by the Depository on account of taxes, has been received by the Depository, as agent for the Depository, and presented to the providers of such Deposit Agreement, hereinafter referred to as "United States Dollars" at the rate of 216-218 per United States Dollar.

The Depository has been advised by the Company that Japan is a party to international agreements with Argentina, Australia, Brazil, Chile, Costa Rica, Ecuador, France, Germany, Greece, Italy, Japan, Norway, Singapore, Sweden, Switzerland, the United Arab Emirates, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rights on dividends such as the dividend in respect of the Receipts. Persons so entitled include residents of such countries and companies incorporated in such countries. Certain consequences relating to the carrying on of trade or business in Japan, Persons so entitled to a 15% tax withholding rate will be paid a dividend on which a 20% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 44 be accompanied by a properly completed and signed certificate (copies of the form which may be obtained from the Depository or the Depository Agent) to the Depository or the Depository and its business activities in Japan if application of the Receipts. Such certificates may be forwarded by the Depository to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depository in London or at the office of any Depository Agent listed below.

### DEPOSITORY'S AGENTS

Address:  
Bank of Tokyo, Ltd.  
The Bank of Tokyo, Ltd.  
The Bank of Tokyo, Ltd.  
The Bank of Tokyo, Ltd.  
Plessey, Holdings & Plastics  
Bancolombia S.A.  
Banco Nacionale del Lavoro  
Norddeutsche Landesbank Girozentrale.

The following table sets forth the amounts payable upon presentation of Coupon No. 44 from the various denominations of Receipts.

Coupon No. 44 must be presented by the Depository or its agent to the Depository or its agent or to the Depository or its agent.

1 Depositary Share \$ 0.50  
10 Depositary Shares \$ 5.00  
100 Depositary Shares \$ 50.00  
1,000 Depositary Shares \$ 500.00

Payment in United States Dollars in respect of Coupon No. 44 will be made by the Depository, a bank in New York City.

Dates: 15th January 1982

### CHEMICAL BANK as Depository

London, England.  
London, England.

30th September 1981 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to such dividend will be without Coupon No. 44 attached.

Certain holders of Receipts may be entitled upon the fulfillment of certain conditions to redemption in the withholding tax rate applicable to them. The Depository, in its discretion, may reduce dividends and open payment of dividends in respect of certain Receipts in accordance with such conditions and other appropriate circumstances.

Receipts of Japanese for requirements applicable to the Company, the Depository has been issued to the Depository, shortly after 1 November, 1979 the excesses required by the Depository over 875% of the dividend payable and allocable to United States Dollars.

As a result, persons surrendering Coupon No. 44 after such date will be entitled to receive from the Depository or any Depository Agent a dividend entitlement of 2.5% tax-free holding rate has been applied and, if necessary, a 15% tax withholding, will be entitled to receive from the Depository or any Depository Agent in respect of the Receipts. Such application may, consistently with the foregoing paragraphs, be made through the Depository.

### HITACHI ZOSEN KABUSHIKI KAISHA

#### U.S.57% PER CENT GUARANTEED DEBT SECURITY

The Company announces that the redemption of the principal amount of U.S.\$40,000,000 nominal value of U.S.57% per cent, January, 1982, has been met by purchases in the market for the nominal value of U.S.\$57,424,000 and the principal amount of U.S.\$57,424,000 has been drawn on 15th February, 1982.

Interest on the principal amount of U.S.\$57,424,000 will be paid on 15th January, 1982.

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## TECHNOLOGY

EDITED BY ALAN CANE

## Nuclear scale model cost \$5m to build

BY DAVID FISHLOCK, SCIENCE EDITOR

A REMARKABLE scale model of a nuclear power station is nearing completion in Gaithersburg, Maryland, a few miles from Washington DC. Built at a cost of about \$5m, this visual aid is the guiding star of a thousand discussions by groups of scientists, engineers, plant operators, even government nuclear inspectors.

In the next year or two, until its own is ready, this model is likely to become increasingly important to the British nuclear industry, as plans advance for the first power station based on the pressurised water reactor (PWR).

The Government is expected to decide this week if and when to proceed with a public inquiry into Sizewell B, the UK's first PWR project, seen as the precursor for a series of such reactors.

The special requirements of the Central Electricity Generating Board and the government's nuclear inspectors will add an estimated \$10m to the cost of Britain's first commercial PWR.

This was the figure given to the British Nuclear Energy Society by Mr J. C. C. Stewart, PWR project director for the National Nuclear Corporation (NNC), before his retirement last month.

The base line for Mr Stewart's calculations was the design depicted by the American model. The difference in price

reflected "our national requirements to engineering standards, appropriate safeguards provisions, and our operating experience."

The model is at the East Coast design offices of Bechtel Corporation, the architect-engineers who, together with Westinghouse Electric, the PWR designers, are helping the NNC to design Sizewell B.

## Commissioned

Both companies are represented at top level on the steering committee behind the task force set up by the Department of Energy last summer to expedite progress on the Sizewell B project.

The model depicts a concept called SNUPPS, or standardised nuclear unit power plant system. This is an 1,100 MW power station being engineered for several U.S. electricity companies. The model was commissioned and paid for by three of these companies: Union Electric, Kansas Gas and Electric, and Kansas City Power and Light. Two of these utilities have power stations of SNUPPS design in an advanced stage of construction. One, Callaway, in Missouri, is the reference design for the Sizewell B project.

The model, of 1/16th scale—1-inch to the foot—is built of Styrofoam, Plexiglas and acrylic resin components. It

fills a very large room.

Every significant engineering detail down to the hangers and restraints for many miles of pipework appears in the model. A standard code of 11 different colours is used to distinguish, for instance, conventional plumbing (black) from nuclear class I pipework (red).

All valves are numbered, pipe-welds requiring in-service inspection are tagged, and the boundaries between sections of pipework which have been pre-assembled are identified.

Bechtel claims that the model reflects "nearly all" the physical design information its engineers have developed. It has been built in sections small enough to pass through an ordinary door. Normally, a discussion takes place round a particular section but when necessary the dozens of sections can be assembled into one complete model of a nuclear station.

## Components

The main tasks of the model are to act as a final design check for the layout of pipework and electrical cables; and to serve as a three-dimensional tool for the location and design of small components.

It is accurate enough to use as the source of photo-composite drawings used in help the construction, particularly in sequencing and job planning.

According to Bechtel, the model has proved especially valuable in the engineering of SNUPPS, the first serious U.S. attempt to standardise a light water reactor power station design, and thus smooth the process of nuclear regulation.

They say it simplifies design in congested areas, quickly pin-pointing available space. The model speeds responses to changes during construction, and can help to evaluate the effects of delays in delivering materials or parts. It also proves useful in training engineers, especially those inexperienced in reading engineering drawings and visualising them in three dimensions.

Awkward and unsightly supports or layouts are readily apparent. Major sub-contractors such as suppliers of the turbines also use it to help lay out their pipework.

The model has also proved its worth in design reviews, for safety assessment or access for maintenance and repair, for example. One Bechtel engineer observed that the model permitted staff from the U.S. Nuclear Regulatory Commission to complete in nine months what normally would have taken two years.

The model is expected to be used by its owners, the electricity companies, to help train

their operators and to plan maintenance programmes.

British's painful experiences in building the first five advanced gas-cooled reactor (AGR) stations, all of which required major design changes while the stations were under construction, have convinced the NNC of the value of a SNUPPS-type model.

## Negligible

Although costly, the expense is a negligible proportion of the total cost of the project. Mr Stewart estimated that the "power block" alone for Sizewell B—that is, the station excluding site civil works, engineering, owner's costs, first fuel load, and interest charges during construction—would be \$840m at June 1981 prices. (The total cost could be about 50 per cent higher.)

The NNC is, therefore, building its own counterpart of the SNUPPS model, including the modifications to British standards of safety, for what essentially is the same 1,100 MW PWR station.

The British model will be slightly smaller, 1/20th scale, but otherwise just as detailed as the Gaithersburg model.

As a first step of the effort the company is investing in model engineering. Mr Stewart displayed a smaller model, 1/33rd scale, to the British Nuclear



MR James Stewart, until recently PWR project chief for the National Nuclear Corporation (right) and Lord Thurso discuss the 1:33 scale model of the Sizewell B pressurised water reactor.

## Conventional

TKS has developed a new coating, Monolac UHE, which incorporates the oxide into what it describes as a "high-build medium" and which applied unchanged will result in one coat cover, equal to a conventional three-coat system.

Monolac, the company says, cannot be thinned easily using conventional thinners. Labour, scaffolding and other charges could show a saving of up to 30 per cent.

TKS is at Bush Road, Cuxton, Rochester, Kent (0344 70601).

## MAX COMMANDER

## Gate to seal paths and roads

FRONTIER Gate Company of Birmingham, which specialises in the design and manufacture of security barriers, has developed a gate which is able to seal off pedestrian and traffic in a single closing movement.

Designed for use where a road and footpath run alongside, the gate is pivoted so that access can be shut off in one movement.

Frontier is at Tufeform Works, Cardigan Street, Birmingham (021 359 6618).

## How to make Buzby unhappy

BY ALAN CANE

MAKE someone happy—give them a ring and pass on some surreptitious information with the friendly chit-chat.

Buzby might not approve, but this is the idea underlying some recent research by two scientists at Bell Labs, the most prestigious telecommunications laboratory in the U.S.

Dr Raymond Steele, formerly of Marconi and Loughborough University, and Diane Vitello reasoned that speech transmitted over a telephone line could be used to carry digital information, using a novel variation on scrambling techniques.

Consequently, data is transmitted over telephone lines in the form of analogue audio signals; a modulator is used to generate analogue signals from digital information and a demodulator to turn the analogue signals back into digital pulses.

Steele and Vitello had been

working on voice scrambling techniques requiring a scrambling key to control distortion of the voice and an unscrambling key to control recovery of the signal.

They wondered if the scrambling key itself could become the data to be transmitted: "The receiver adopts the role of codebreaker. Every time the receiver correctly guesses the key and breaks the code, it recovers both voice and data."

## Researchers

It meant using a simple, easily broken key giving only a modicum of security for the voice traffic. If the data signal was a logical 0, the speech samples were transmitted without modification; if a logical 1, the signal was scrambled by frequency inversion.

The Bell researchers were able to achieve data transmis-

sion rates as high as 700 bits a second in an ideal channel with out data errors or speech distortion, although only 125 bits a second could be achieved without data errors when background and channel noise were added.

Steele and Vitello comment: "Every time the receiver guesses the key, it obtains the correct data and correct speech. The speech is made an unwitting data carrier, while the data gets a free ride."

The implications, they say, are considerable. Confidential users of providers of telephone traffic can, for the expense of additional terminal equipment, surreptitiously transmit tele-

printer data.

The method will work with speech, television, facsimile and analogue-plant control signals like pressure and temperature variations.

## Safety 'phone kiosks for use in hazardous areas

CABLEWAYS of Stoobhouse, Glos., has introduced a telephone kiosk for use in hazardous areas. A feature is that the kiosk comprises bolt on sections which will pass through a space of 850mm by 150mm thus allowing easy access to confined areas in such places as oil platforms or petrochemical plants.

The kiosks, it is claimed, can be assembled on site in 30

minutes. Designed for use in very high noise areas, sound insertion losses average 37dB over frequencies critical to speech showing a reduction of more than 90 per cent of perceived noise.

Kiosks can be supplied with phones, payphones, bells, flashing lights, all safe for use in Zones 2, 1 and 0, and weather-shields for outdoor use.

Cableways is at Oldens Lane, Stowheath (045382 4341).

## Transducers can withstand 250ft.

SIX additional models in the RDP Electronics range of submersible displacement transducers have been introduced. The company says that measuring ranges are smaller than previous models to cover plus or minus 1.0, 2.5 and 5.0 mm.

Three of the units are available in precision gauging form

where the armature is spring-loaded.

The transducers are of stainles steel and with a hermetically sealed cable attachment cap can withstand submersion to 250 ft.

RDP is at Grove Street, Heath Town, Wolverhampton (0902 57512).

giving the authorisation for the work to be carried out.

The Dial system prevents overcharging, identifies abused or inherently defective vehicles, ensures that

replacement components are only fitted when genuinely necessary and makes certain that warranty entitlements are claimed in full. Instead of invoicing you, the garages invoice Dial.

You receive only one service invoice per month. Scrupulously checked and validated, it gives a full breakdown of costs detailed vehicle by vehicle. It simplifies your accounts procedures—and expenses claims if your drivers previously paid repair bills out of their own pockets.

## The independent deterrent

If you want to increase your fleet's accountability, reduce vehicle depreciation, cut and control costs, increase efficiency, obtain higher new vehicle purchase discounts and better prices for vehicles when they are retired, talk to Dial.

Dial management services can either be allied to Dial's extensive range of finance leasing or contract hire facilities or, alternatively, can be quite independent of them—they are equally available to you whether you own your fleet outright or use another source of finance.

Whatever your requirements, you will find Dial responds with unique flexibility.

And Dial never forgets that the management reports which monitor the cost effectiveness of your fleet operation also monitor Dial's performance on your behalf.

Dial Dial today. Or ask your secretary to send off for the facts.

Dial Contracts Limited, 7-17 Ainsdale Street, Kensington Square, London W8 5BN. Telephone: 01-937 7207. Telex: 27393.

**DIAL**  
CONTRACTS

All the weapons you need  
to win the war on rising  
company car operating costs.

## Japanese wrapper in UK

THE FUJI horizontal flow wrapping machine, which is micro-processor controlled, is now available in a variety of models from the Japanese company's agents, Skemar Promac, 162, Windmill Road West, Sunbury-on-Thames, Middx (0937 895646). Where wet environments are involved the machines are available in stainless steel. The latter can be fitted with inert gas flushing devices to extend the shelf life of products and models for speeds from 80 to 1,000 packs per minute.

recently sold), individual reports can give detailed servicing and running cost comparisons and analyse fleet expenditure branch-against-branch, car-against-car and make-against-make.

Supplementary planning reports project replacement lead times and thus form the basis of efficient future purchase and disposal scheduling.

In effect, Dial presents you with a complete, up-to-date balance sheet picture of your total fleet operation, enabling you to measure costs against budget and identify potential problems well in advance.

Cost comparisons can be made to determine future equipment policy and built-in checks can notify you of cars likely to exceed budgeted running cost norms or anticipated depreciation levels due to mileage or condition.

Commanding purchase and disposal strategy

Not only can Dial advise you the best time to retire given vehicles from your fleet and help you select fleet replacements with the aid of a computerised data base containing over 40,000 vehicle operating histories, on your behalf, Dial can take care of every aspect of vehicle purchase and disposal.

Such is the scale of Dial's fleet car purchasing operation that Dial commands the biggest possible discounts on new vehicles—and of course the benefits are passed on to you.

By continually monitoring trends in the used vehicle marketplace, Dial's used vehicle marketing specialists are able to dispose of cars retired from your fleet in the way which will yield the highest obtainable price and therefore safeguard your fleet's total asset value.

Dial fleet purchasing and disposal expertise has very distinct financial advantages—and contributes to a substantial reduction in your fleet management workload.

Maintenance management that intercepts overcharging before it happens

Dial maintenance management is naturally one of the most important features of Dial's overall cost control strategy.

With Dial maintenance management, when a car needs attention, the driver takes it to any one of the 4,000-plus garages and specialist service outlets where Dial has an account.

The garage automatically calls Dial's national fleet maintenance control centre if the work involved is likely to cost more than a predetermined amount.

The centre is staffed by vehicle maintenance experts who are as familiar with servicing procedures, parts costs, labour rates and manufacturers' manuals as the keenest garage service manager.

Dial maintenance management staff first check with Dial's computer record of the vehicle's past service history before approving estimates (or otherwise) and giving the authorisation for the work to be carried out.

The Dial system prevents overcharging, identifies abused or inherently defective vehicles, ensures that replacement components are only fitted when genuinely necessary and makes certain that warranty entitlements are claimed in full. Instead of invoicing you, the garages invoice Dial.

You receive only one service invoice per month. Scrupulously checked and validated, it gives a full breakdown of costs detailed vehicle by vehicle. It simplifies your accounts procedures—and expenses claims if your drivers previously paid repair bills out of their own pockets.

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## TELEVISION

## Chris Dunkley: Tonight's Choice

9.00 am Fox: Schools and Colleges. 11.20 pm News. After Noon. 1.00 PM Radio Mill at One. 1.45 Bagpiper. 2.00 For Schools, Colleges. 3.15 Deaf and Dumb, Deafra Cannon. 3.30 Regional News for England (except London). 3.35 Play School. 4.20 Captain Caveman. 4.30 That Again. 4.45 Goose Hill. 5.20 The Amazing Adventures of Morph. 5.25 Welcome to Wodehouse. 5.40 News. 6.00 Nationwide (London and South East only). 6.22 Nationwide. 7.00 The Superteams. 8.00 Fame is the Spur by Howard Spring. 8.30 Points of View with Barry Took. 9.00 News. 9.25 Miss Great Britain 1982, introduced by Henry Kelly and Ray Moore from the Cunard Hotel, London. 10.15 Face the Music with Joseph Cooper (London and South East only). 10.45 News Headlines. 10.50 The Late Film: "A New Leaf," starring Walter Matthau and Elaine May.

All IBA Regions as London except at the following times:

ANGRIA

1.20 pm Anglia News. 2.45 Friday News. 7.30 The London Match. 8.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film: "Ghost Story." 1.05 am Brights and Swants.

BORDER

1.20 pm Border News. 2.45 Film: "The Constant Husband," starring Penelope Wilton and Michael Gambon. 6.30 Lookaround Friday. 6.30 Docs the Team Think. 7.30 The Fall Guy. 10.30 Your Mo. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 The Nyne. 8.00 Match. 8.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 invitation to Terror: "Crucible of Terror."

CHANNEL

1.15 am Look and See. 1.20 pm Channel Lunchtime News. 2.45 The Friday News. 7.30 Hall's Island. 9.15 Emmerdale Farm. 9.00 Channel Record. 8.30 Copperbird. 7.30 Lou Grant. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mystery Tales. 10.45 Thrill's Company. 11.15

(S) Stereophonic broadcast  
\$ Medium Wave only

RADIO 1

5.00 am Simon Bates. 7.00 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newcastle. 5.45 Radio 2. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (5).

RADIO 2

5.00 am News. 5.00 Cricket (5). 5.03 Steve Jones (5). 7.20 Terry Wogan (5). 10.00 Jimmy Young (5). 12.02 pm Cricket Desk. 12.03 John Dunn (5). 2.00 Eric Stewart (5). 4.00 David Hamilton (5). 5.45 Newcastle. 6.00 Newcastle Symphonies and Much More Music (5). 8.00 Friday Night is Music Night (5). 9.55 Sports Desk. 10.00 Luton to Les with Les Dawson. 10.30 The Bing Crosby Show. 11.00 Sports Desk. 11.15 Billie Matthews with Round the World. 1.00 am Truckers' Hour. 2.00.

## RADIO

## RADIO 3

5.00 You and the Night and the Music (5).

## RADIO 4

5.55 am Weather. 7.00 News. 7.05 Morning Concert (5). 0.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 The Week's Composer. 10.00 The Week's Composer. 10.25 Louis Gottschalk piano recital (5). 11.15 Mozart and Matsumi, string quartet recital (5). 12.15 PM Midday Prom (5). 1.00 News. 1.05 Interlude. 1.15 Sunday Prom (5). 2.00 The Segovia International Guitar Competition (5). 4.00 Choral Evensong (5). 4.45 News. 5.00 Main's for Pleasure (5). 6.00 Play it Again (5). 7.00 Hall's Sunday News. 8.00 News. 9.05 Desert Island Discos. 9.45 Eddon's England.

## RADIO

## RADIO 5

5.00 You and the Night and the Music (5).

## RADIO 6

5.55 am Weather. 7.00 News. 7.05 Morning Concert (5). 0.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 The Week's Composer. 10.00 The Week's Composer. 10.25 Louis Gottschalk piano recital (5). 11.15 Mozart and Matsumi, string quartet recital (5). 12.15 PM Midday Prom (5). 1.00 News. 1.05 Interlude. 1.15 Sunday Prom (5). 2.00 The Segovia International Guitar Competition (5). 4.00 Choral Evensong (5). 4.45 News. 5.00 Main's for Pleasure (5). 6.00 Play it Again (5). 7.00 Hall's Sunday News. 8.00 News. 9.05 Desert Island Discos. 9.45 Eddon's England.

## LONDON

9.30 am Schools Programmes. 11.35 Comic Stores. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus F1 Index. 1.20 Thames News with Robin Houston. 2.00 Take the High Road. 3.00 Afternoon Plus presented by Elaine Grand and Simon Reed. 4.25 Friday Matinee: "Pearl of the South Pacific." 4.45 Dangerous. 4.45 Storybook. 4.45 Jukes of Piccadilly. 5.15 Square One.

5.45 News. 6.00 The 6 O'Clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Weisgen.

7.00 Bruce Forsyth's Play Your Cards Right. 7.30 Hawaii Five-O. 8.30 Shine on Harry Moon. 9.00 The Gentle Touch, starring Jill Gascoine.

10.00 News. 10.30 Bizarre. 11.00 The London Programme presented by Andrew Phillips.

11.35 Soap. 12.03 am Paris by Night. 12.30 Close: Personal Choice with GINETTE SPANNER. \* Indicates programme in black and white

11.00 The Street Where I Live is evening with Alan Jay Lerner. 12.00 Police Surgeon. 12.30 am Company.

1.30 pm News and Road and Weather. 1.45 Friday Matinee: "Munich." 2.00 "Sleuth." 2.30 Flying High. 3.15 Trail and Sail. 4.00 "The Adventures of Sherlock Holmes," starring Basil Rathbone. 4.30 The Teesdale Mercury. 5.00 News Summary. 7.35 Friday Night . . . Saturday morning.

7.40 Hold Down the Chord. 12.00-12.10 pm Blabalam. 4.15-4.45 Plant-Yr Antifluid. 8.00 Y Oddz. 8.15-8.30 Report Wales.

## GRAMPIAN

1.00 am Play School. 1.25 has Around With Allies. 1.45 Flying High. 2.15 Trail and Sail. 4.00 "The Adventures of Sherlock Holmes," starring Basil Rathbone. 4.30 The Teesdale Mercury. 5.00 News Summary. 7.35 Friday Night . . . Saturday morning.

## TSW

1.15 am London and See. 1.20 pm HTV News. 12.45 "Storm in a Teacup," starring Vivien Leigh and Rex Harrison. 5.15 News. 7.00 HTV News. 8.30 Saturday and More. 7.30 The Fall Guy. 10.23 HTV News. 10.30 "The Virgin and the Gipsy," starring Franco Nero. 11.00 HTV CYMRU/WALES—As HTV WEST except: 11.34-11.49 am About Wales. 12.42 am South West Weather.

## SCOTTISH

1.00 am First Thing. 1.20 pm North East. 1.45 Friday Matinee: "The Big Ich." 2.00 Flying High. 2.30 "The Adventures of Sherlock Holmes," starring Basil Rathbone. 4.00 "The Teesdale Mercury. 5.00 News Summary. 7.35 Friday Night . . . Saturday morning.

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1.15 am London and See. 1.20 pm HTV News. 12.45 "Storm in a Teacup," starring Vivien Leigh and Rex Harrison. 5.15 News. 7.00 HTV News. 8.30 Saturday and More. 7.30 The Fall Guy. 10.23 HTV News. 10.30 "The Virgin and the Gipsy," starring Franco Nero. 11.00 HTV CYMRU/WALES—As HTV WEST except: 11.34-11.49 am About Wales. 12.42 am South West Weather.

## TYNE TEES

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## ULSTER

1.20 pm Lunchtime. 1.30 Ulster News. 1.45 Here We Are. 5.20 Good Evening Ulster. 6.00 Sports. 6.30 Northern Life with Tom Corry. 7.30 The Fall Guy. 10.30 Ulster News. 10.45 Thrill's Company. 11.15 Continental Cinema. "The Slushy Frog." 12.00 am Post's Corner.

## YORKSHIRE

1.20 pm Calendar News. 12.45 Friday Matinee: "Murder She Said." 2.00 "The Adventures of Sherlock Holmes," starring Basil Rathbone. 2.30 "The Fall Guy." 3.00 "Close Encounters of the Third Kind." 4.00 "The Virgin and the Gipsy," starring Franco Nero. 4.30 "The Adventures of Sherlock Holmes," starring Basil Rathbone. 5.00 News Summary. 7.35 Friday Night . . . Saturday morning.

## YORKSHIRE

1.00 pm News. 1.45 Morning Story. 2.00 "The Week in One." 2.30 News. 3.00 You and Your Weather. 12.27 My Ward (5).

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## FT COMMERCIAL LAW REPORTS

## Trading accounts irrelevant to rent assessment

W. J. BARTON LIMITED v LONG ACRE SECURITIES LIMITED

Court of Appeal [Lord Justice Lawton, Lord Justice Brightman and Lord Justice Oliver; December 21, 1981].

Where a business tenant applies to the court to renew his lease, the court will generally assess the rent by reference to comparable premises in the area, and evidence of the tenant's trading records is inadmissible unless there are no comparable premises in the area or there is some peculiarity in the business or the premises which requires consideration of trading records.

THE COURT of Appeal so held when allowing an interlocutory appeal by W. J. Barton Ltd. tenants, from an order for specific discovery made on the application of Long Acre Securities Ltd., landlords, by His Honour Judge Tibber in the Edmonton County Court on October 5 1981.

Section 34(1) of the Landlord and Tenant Act 1954 provides: "The rent payable under a tenancy granted by order of the court . . . shall be such . . . as may be determined by the court to be just and which the landlord might be expected to get in the open market by an enquiry into the tenant's trading records." The court was not concerned with the fact that the tenants had been in occupation of the holding. (b) Any goodwill attached to the holding by reason of the carrying on thereof of the business for which the premises were peculiarly adapted.

It was clear that there was several types of premises of which a hotel was only one example, where the ascertainment of an open market rent might depend on the tenant's ability to pay rent, but with the rent which a willing lessor could command for those premises in a hypothetical open market and there was a perfectly well recognised way of arriving at that by reference to the rent payable for similar premises in the vicinity. There were plenty of comparable premises in the vicinity from which the open market value of premises of the present type could be deduced. Evidence of the tenants' trading had nothing to do with the open market rent.

Mr Belben for the landlord submitted that the accounts of a tenant's trading in business premises were always relevant to any application under the act providing a guide to the open market rent.

He found support for that general proposition in Woodfall on Landlord and Tenant 28th edition, paragraph 2.0740, where it said that "evidence of the trading accounts of the existing business is admissible for the purpose of showing the earning capacity of the premises but not for any other purpose." The authority cited in support was Horwood Hotels Ltd v Harris [1958] 1 WLR 108.

In that case the tenant of a hotel tendered evidence of his trading for the purpose of showing what sort of profit a tenant of that hotel might expect to make and thus what level of rent a prospective tenant would be likely to pay. The landlord appealed on the grounds that the discovery ought to be some

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When help is needed, please help him and his dependants

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## THREE THOUSAND MEALS A DAY—IT'S EASY WITH COOK-CHILL.

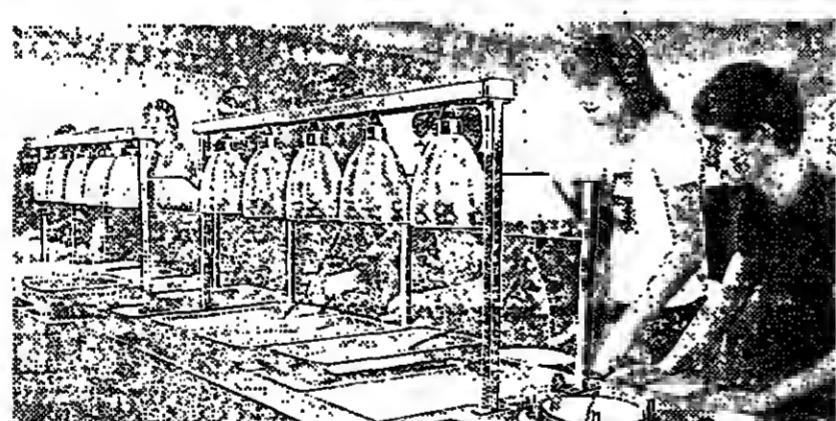
The central production kitchen at the Michelin Tyre Company's factory in Stoke-on-Trent has an air of calm, relaxed efficiency.

Making one dish hard to believe, this single unit produces well over 3,000 meals in a normal working day—a major part of their total requirement at the factory's 78-acre site.

The kitchen is designed around an all-electric cook-chill system. Food is cooked and stored in a central production unit up to four days in advance. Then, at service units equipped with electric infra-red radiant heat units, the chilled meals are regenerated to be served when they're needed.

Michelin operate on a shift system, so a meal served at two o'clock in the morning has to be hot and fresh as one served at lunchtime. With the new cook-chill operation, it invariably is—high quality is one of the system's greatest advantages.

Another according to Michelin's head of catering Doug Peers, is the highly organised way in which we can prepare every meal. Last-minute kitchen panics are a thing of the past. Inevitably, Michelin have noted improved efficiency as well as lower overheads. Last year they saved significantly on industrial cleaning—the new equipment gave kitchen staff the time to do it themselves. And the system itself is flexible enough to continue coping even if the demand should expand.



But don't think that cook-chill is only for firms needing 3,000 meals a day. However many staff you are catering for, there is a range of equipment available to bring you all the advantages already demonstrated at Michelin.

FOR MORE INFORMATION TICK BOX  
NO. 1



BE SURE TO VISIT STAND B30 TO SEE HOW ELECTRICITY CAN HELP YOUR BUSINESS PROSPER IN THE '80S.

Mass catering is in essence the adaptation of one of man's oldest crafts to fit the modern age. And this year's Electricity Council conference on cost-effective catering is all about aligning the most modern catering concepts with the best of traditional skills.

The conference is designed for senior caterers, managers and their advisers from all branches of the industry. It aims to demonstrate the potential for extra economy and quality now offered by the latest energy-efficient electric equipment, in combination with modern planning and cost analysis. Ways of making better use of energy will be a theme of the conference. Equipment manufacturers and successful users will be there to present the new technology, and the operating savings it can bring. Also, under review will be the economics offered by heat recovery systems, and to emphasise that catering is above all a practical craft, there will be an all-electric kitchen on stage in the main conference hall for demonstrations and practical sessions. These

will aim at identifying the applications and market potential of individual items of equipment.

The latest cook-chill techniques will be presented, with an emphasis on the improved convenience, cost control and profit that staff management, motivation and training will be covered, and an impressive array of equipment will be on show.

The speakers will include successful professional caterers as well as food, equipment and energy suppliers. There will be ample opportunity for delegates to meet and mix with speakers and fellow delegates from every branch of catering.

This conference, the fifth in the Electricity Council's highly successful series on cost-effective catering, will be held at the University of Sussex, at Brighton, March 22-25, 1982.

## PLANNING IS THE KEY TO SUCCESS.

If you are in catering, you are in a challenging business. And like all business, today, modern catering has reached a high degree of complexity. It needs careful planning if it is to be successful. At the Electricity Council these facts have long been recognised, which is why the Council's Project Planning Unit exists. Its purpose is to advise caterers on the equipment and layout most suited to their specific purposes.

Many existing catering operations are, by today's standards, inefficient both in initial design and in day-to-day operation. A common fault is over-specification—equipment is installed to meet peaks of demand which in practice are rarely if ever encountered. Thus, and unplanned random usage of equipment, can be a big drain on both staff and energy resources. The Project Planning Unit headed by David Taylor, provides a rational overall view of all the factors that can lead to catering efficiency. It will carry out project studies, or provide drawing design services, based on your individual menu requirements. These indicate what sort of equipment will best suit your needs, and the most energy-efficient way of using it.

## THE PROPERTY MARKET BY MICHAEL CASSELL

Navy Fund renews  
onslaught in U.S.

THE RISE and rise of the Merchant Navy Officers Pension Fund as a leading participant in the U.S. real estate market continues apace.

Having spent nearly £20m since last summer on picking up stakes in carefully selected U.S. real estate investment trusts, the Fund has now made a £25m bid for a chunk of the much-troubled First Union Real Estate Equity and Mortgage Investments, the largest REIT in America.

The result, however, is far from being clear-cut. For having agreed terms to buy out Unicorp Financial Corporation's 21 per cent holding in First Union at a price of \$18 a share—against a market price of \$15 and an estimated asset value of \$22.24 a share—the proposal has been rejected by First Union, which has a say in who controls the equity.

The arrival on the scene of the Merchant Navy Fund comes at a time when the relationship between First Union and major shareholder Unicorp leaves a great deal to be desired. For some time, First Union has viewed Unicorp's intentions with suspicion and the two have been entangled in several pieces of litigation for over a year.

The agreement that the British fund should buy out Unicorp could be expected to put an end to all the troubles but now First Union—which held talks with the men from

## A coup for St. Martins

UNDETERRED BY getting planning approval for less than half the South Bank floorspace it was seeking, St Martins Property Corporation is to press on with what has been cleared while it rethinks the remainder of the scheme.

The decision from Mr Michael Heseltine, Secretary for the Environment, comes nearly a year after the marathon planning inquiry and although it can be interpreted as a partial defeat for St Martins' plans, the addition of nearly 1m sq ft of new floorspace over the river from the City still represents one of the biggest development coups in recent years.

Mr Geoffrey Musson, the fund's investment manager, says that agreement for the purchase from Unicorp has now been agreed, subject to First Union being ready to waive a trust rule that prevents the transfer of ownership of more than 6 per cent of its shares. "We would hope that our arrival would end these past problems and conclude all the law suits which have been started. We are certainly not going to walk away from this one as a result of the First Union rejection."

The immediate drama apart, the fund can already claim to have covered a great deal of ground in its search for U.S. real estate investments.

Via stakes in Cleve Trust

Realty Investors of Cleveland (30 per cent), New Plan Realty Trust (21 per cent rising to 23 per cent) and an existing 4 per cent diluted stake in First Union, the property portfolio directly attributable to its own percentage holdings already extends to 679,000 sq ft of retail space, 306,000 sq ft of offices and 163,000 sq ft of industrial accommodation.

If the First Union deal goes through, the amount of retail space which the fund can claim that it owns will pass through the 1m sq ft level and industrial space will top 600,000 sq ft.

According to Brian Cann, chief executive of St Martins: "At first sight it appeared as though the whole thing had gone against us but, on closer examination, we realised just how much we had got."

Furthermore, the decision

letter gives a clear indication that although the original proposals to construct 257,000 sq ft of high rise offices on the site to the east of London Bridge represents inappropriate massing and density, a building of more moderate height, providing less space, would be acceptable."

• Estates and General Invest-

ment is to add 5,000 sq ft of floorspace to their Harefield Place, Uxbridge, office scheme. The new space is being pre-let at £25,000 a year to Digital Equipment, who are already due to take 30,000 sq ft at Harefield Place at an annual rent of £240,000.

The development, which

embraces an 18th century

mansion, is held in E&G's

portfolio and will have an

estimated value of about £6m.

Debenham Tewson and Chin-

ocks were letting agents.

Bradman  
back to  
square one

EPC's strategic 2.5 acre parcel of land, lying east of the approved scheme, in the development. It is acknowledged by St Martins that the original joint EPC/St Martins planning application for this part of the development will have to be altered considerably before approval is granted for office construction, although it is heartened by the Minister's indication that the total office content for the area is not considered to be excessive.

In the opinion of Brian Cann:

"We are sufficiently encouraged to embark on this as the first phase of the overall project. The Minister's decision clearly establishes the area as the only logical extension to the City."

Paul Hannon

## Clerical funds Wembley

CLERICAL MEDICAL and General Life Assurance is to fund the first 100,000 sq ft phase of a 318,000 sq ft office

scheme being project man-

aged by Arunbridge at

Olympic Way, Wembley.

The first phase could have

a completed investment value

of between £20m and £25m.

The funding was arranged on

behalf of Cramax by Michael

Lamie and Knight Frank and

Rutley. Clerical Medical has

also funded the adjoining

Olympic industrial estate.

• Estates and General Invest-

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Place, Uxbridge, office

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The development, which

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estimated value of about £6m.

Debenham Tewson and Chin-

ocks were letting agents.

Federated holds on  
to its crown

FEDERATED LAND must be as happy as the thwarted pur-

chaser must be upset over the

group's last minute decision not

to part company with its prime

asset—the Hempstead crown

but simply reckoned it would

be necessary if we were to go

ahead with Hanley.

"But in the closing stages

of talks with the intended

purchaser, Lazard's convinced

us that we could develop

Hanley without having to let go

of Hempstead Valley. We are

now examining the various

options for the funding.

"The potential buyers were

clearly disappointed but they

fully accepted our position.

They behaved like real

gentlemen."

Federated, which last year

sold off its housebuilding opera-

tion to concentrate on com-

mercial development, completed

the Hempstead Valley

scheme in 1979. Part funded

by Manufacturers' Hanover

Trust and the group's own re-

sources, the 290,000 sq ft centre

has a current rental income of

over £1m a year and a long

list of prime tenants.

Some reviews have already

taken place but the bulk of

them are due in December

1983 and should certainly

underline the advisability of re-

claiming ownership. The centre,

held on a 125-year lease from a

private landlord, was valued at

£15.5m at the end of 1980.

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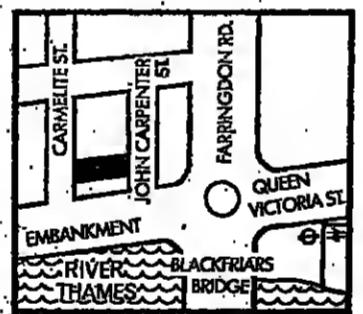
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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE Monopolies and Mergers Commission—one of Britain's most powerful but least understood quangos—will today achieve a unique bat-trick. Its controversial report blocking both takeover bids for the Royal Bank of Scotland Group (which the Government is to publish today) is the third merger report in a row where the proposed takeover has been blocked.

Last month, in equally contentious reports, the commission ruled against the planned merger of Louhro, the international conglomerate, with the House of Fraser retailing group and blocked European Ferries' bid to acquire Sealink, British Rail's ferries division.

This is the first time in 17 years of merger control that three merger investigations on the trot have been found to be against the public interest: in 1980, for example, only one out of four investigations completed was blocked by the commission. In the five reports since then, however, only one has been allowed to go ahead.

The commission's tough stance has not been confined to merger investigations either. It has taken an equally aggressive line when probing monopoly and competition cases which also come within its ambit. Last month the commission ruled that, under competition policy, TI Raleigh Industries was acting against the public interest in refusing to supply cut-price retailers; earlier in

# The arbiter of Britain's public interest

As the Monopolies and Mergers Commission rules against a third consecutive bid, David Churchill explains how it operates

the year it recommended that the British Poster monopoly should be wound up; and over the past 18 months it has made 180 detailed recommendations on how to improve four major nationalised industries.

Probably the least understood part of the commission's role is that it acts solely as an arbiter of the public interest. While the Office of Fair Trading acts as the Government's "watchdog" of consumer interests—and has executive powers to match—the commission is a semi-judicial body but has no powers to implement its decisions; that is left to the Government.

Under the 1973 Fair Trading Act, the commission is given virtually a free hand to determine the public interest as it sees fit. All the legislation says is that the commission "shall take into account all matters which appear to them in the particular circumstances to be relevant".

However, the Act helps by suggesting several examples of "relevant" circumstances. These include promoting the interests of consumers, the reduction of costs and new product development, maintaining balanced distribution of industry, and

## Judicial

The commission's survival owes itself to two main factors. One has been the adoption of a low-profile approach: few businessmen could name the commission's chairman or any of its 24 other members.

The second factor has been the judicial approach adopted by the commission, helped over the past six years by the chairmanship of Sir Godfray Quesne, a Queen's Counsel.

The commission is situated in an anonymous Government building in London's Carey Street, just behind the Law Courts. It has 25 members at

promoting exports. The key criterion is that the commission "shall have regard to the desirability of maintaining and promoting effective competition between persons supplying goods and services in the United Kingdom."

The commission itself has survived for over 33 years (it was set up in 1948) as the guardian of business competition while politically more sensitive pay boards and price commissions have come and gone.

present (although it can have up to 27), backed up by almost 100 civil servants, and costs some £1m a year to run.

The commission is headed by a full-time chairman, Sir Godfray, who is assisted by two part-time deputy chairmen who spend at least half a week with the commission. There are 22 other part-time members, plus several others on the newspaper panel who join the commission for a newspaper investigation. (Newspaper mergers are considered to be different from other types of merger.)

Members of the commission

are usually still active in their professional life and are drawn from industrial, financial, and commercial sectors, as well as from representatives of trade unions, the professions, and consumers. A delicate balance of appointments is maintained.

Appointments are normally for three years, but these are usually renewed for further terms. Unusually, the commission last year faced a turnover of about half its members: one in two members of the commission is now relatively new. They include the finance director of GKN, a managing director of a small company, a

former senior civil servant, and a leading academic.

Almost half the civil servants

working for the commission are from senior grades. There are some 12 economists, ten accountants, six industrial advisers, with the rest general administrators. Most of the staff are seconded from other Government departments (just over half a dozen came from the defunct Price Commission) and a number have previously worked in industry before joining the civil service.

The commission's activities

fall into four distinct areas:

(1) Monopolies: The long-term work is the investigation of monopolies in the supply of particular goods or services.

Monopoly situations are only investigated by the commission on reference from either the Trade Secretary or the Director General of Fair Trading.

(2) General references: The commission undertakes general references on the investigation of the Trade Secretary into specific trade practices. The probe into discounts to retailers was an example of such a reference.

(3) Mergers: All mergers

involving assets of more than £1m are monitored by the OFT which then decides those to be referred to the commission for an investigation lasting six months or less. Only about eight such mergers a year are actually referred to the commission and more are approved than rejected. Newspaper mergers are automatically referred direct to the commission by the Trade Secretary and normally take three months.

types follow a standard procedure. This is for the commission to hold formal hearings with companies involved (they may be asked back for second hearings) as well as with other interested parties. The commission will often take the opportunity to visit a particular location relevant to the inquiry to gain extra evidence on the spot. Companies often approach a commission inquiry in two frames of mind: either with some trepidation or with contempt. Fears about the commission's probing are usually unfounded, since at the formal hearings the commission is simply giving companies a chance to present their case in person.

Companies that treat the commission with contempt usually resent its interference, arguing about the cost of management time involved and the expense of legal advice. The commission, however, has powers to force companies to comply with its requests for information, but these are rarely used.

The commission's recent apparent toughness is not the result of any conscious policy decision on its part to be more

within a six-month time span.

The third main reason must be that the Government's commitment to increased competition (as shown by the new Act) has undoubtedly had an influence on the commission's thinking. At the same time, the recession has probably forced many companies into more anti-competitive behaviour simply to survive.

## Why ICI is delighted with its premature baby

Sue Cameron relates how the UK chemicals giant built its new plant on time and under budget

IMPERIAL Chemical Industries' petrochemicals operation has become a particularly sharp thorn in the group's already bruised side. But now—at an otherwise disastrous time—the business has been able to chalk up one significant success; it has built a major plant on time, under budget and in a product area that has a seemingly bright commercial future.

The twisting pipes and unsightly towers of the new plant rise up from the centre of what was once a cornfield at Wilton on Teesside. It has the capacity to produce 250,000 tonnes a year of pure terephthalic acid—PTA—which makes it the largest unit of its kind in Europe. It goes by the unromantic title of T8.

But to many of the senior ICI men at Wilton it has all the appeal of a firstborn baby to a doting father.

failure in the matter of completing major plants on time and on budget. ICI has been one of the many companies that have suffered.

The giant petrochemicals plant that ICI built with BP Chemicals at Wilton took twice as long to finish as had been expected and it cost twice as much.

The reasons for the delays and the soaring costs on so many big projects have been numerous: last minute design changes by client companies such as ICI; late deliveries by both foreign and UK equipment suppliers; poor management on the construction site itself and building workers who gave vent to their frustration at the general chaos by downing tools on any and every pretext.

But ICI and a number of contractors operating on Teesside—including William Press, Foster Wheeler, Monk,

Andersens and Watson Norie—decided they must make a determined effort to stop the rot. The guinea pig for their new, more efficient approach was to be T8.

In practice, there was nothing revolutionary about the methods used to bring T8 on stream at the right time and at the right price. What the team did was to spend far more time at the outset planning the construction programme and preparing each stage of the project.

"We always knew the right way to do it," George Morrison of the William Press group says. "It was just that we hadn't done it." Bob Brandine, the construction manager for T8, reckons that contractors and client companies alike had become "practising deviationists." Both men blame this seemingly irrational and contrary

behaviour on the constant pressure everyone was under to make it look as if they were moving speedily and adhering to pre-ordained project schedules.

As a result, site work would begin before detailed drawings were ready; men would be asked to start putting up sections of the plant before all the necessary equipment had arrived and had been checked; supervisors would be too busy trying to lay hands on the said drawings and equipment actually to supervise their workers; senior engineers would arrive on site, see that construction was still at an early stage and cheerfully decide that there must therefore be plenty of time left to make major modifications to the plans; and managers, forced to admit that the delays were growing, would add to the confusion by hiring dozens of extra men in a desperate effort to make up for lost time.

The T8 team insisted that the plant should be based on 1981 technology and not on some optimistic guesses as to how PTA units might be built in 1984. They agreed that no civil engineering workers should go onto the site until at least 50 per cent of the certified construction drawings were finished and available. None of the pipework

was to be done until at least 75 per cent of the drawings were ready—though in the event, all of them were completed before the men were moved in.

A single, staging warehouse was set up where all materials could be checked against design specifications before being sent out to fabricators. And between 10 per cent and 15 per cent of the equipment required—columns, compressors and suchlike—was built at the site altogether so as to ease congestion.

The site workers were put on a 40 hour week—despite some opposition from men keen to do overtime. But the T8 team were determined not to go back to the bad old days when most construction sites kept a virtual "open house" for building workers, when the average man worked a 52 hour week and when the shifts were thoroughly unbalanced.

A bonus scheme that was not just a "pay escalator" was introduced. The men were told how many hours a particular job was expected to take. If they completed it within the time, they received a bonus; if they took longer then there was no bonus.

Inevitably there were difficulties—among them the fact that the team reckons both

UK and foreign suppliers

have become even worse at meeting deadlines than they used to be. But both the contractors and ICI also admit there is still plenty of room for them to improve their performance in building big projects on time and on budget. In the meantime, the success of the T8 project has clearly provided a boost to morale for both ICI and the Teesside construction industry as a whole.

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# FINANCIAL TIMES

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## How to reform social studies

A COMMON way of debunking academic studies nowadays is to compare them with the mediaeval disputes about angels on pinheads. But the purpose of those disputes was at the time less academic than practical. Their object was not to calculate how many angels a pin would hold, but to determine whether or not the number was finite. A firm conclusion either way would have resolved the issue of whether angels had corporeal form and so profoundly affected the religious beliefs which exercised a highly practical influence over our ancestors' everyday lives.

The credit for our present relative freedom from such mysticism belongs essentially to academic research as exemplified by the increasingly rigorous scientific thinking and experimental methods associated with Galileo and Newton.

### Important

But social studies such as psychology, sociology and even economics still conform rather to the medieval mould. As a result, the use of their theories and methods as a guide to governmental and other policy is a distinctly mixed blessing. The key to making them more useful in practice is academic research concentrated on the object of making social studies more rigorous—which is not necessarily the same as emphasising statistical techniques at the expense of ideas.

This fact has an important bearing on the inquiry being made by Lord Rothschild, who a decade ago led an investigation of procedures for funding research in the so-called hard sciences, in the value of the Social Science Research Council.

Over its dozen years of existence the council, despite a dominance of academics among its members, has become increasingly concerned to be identified with studies which can be represented as practical. Last year it decided to change its form of organisation, which had previously been designed to select for funding the post-graduate students and research projects that were most promising academically. The new structure is intended to identify practical issues of public policy on which social studies might shed some relevant light.

By this prime commitment to the practical as distinct from

### Solution

If the funding of these activities were transferred to the Department of Education and Science, for example, the results could be unsatisfactory. Strategic projects and the institutions engaged in them would be vulnerable to changes in political fashion. Civil servants would not be sufficiently expert in the subjects to decide which academic research had the best prospect of developing greater rigour. The funding of both these types of activity would be better entrusted to a body composed largely of leading academics in the appropriate areas of study, organised in the present council's previous form.

A sensible solution would be to make the council more compact and return it to its earlier shape. Funding of shorter-term practical research could be left to customers. Postgraduate training more vocational than theoretical, such as master's degrees in management, could be administered by the Education Department or one of its counterparts. The reconstituted council would be concerned solely with insulating the strategic projects from interference by the government of the day and with applying the funds made available for academic research to the development of a social science truly worth the name.

## President Zia's next steps

THERE WAS no standing ovation for President Zia Ul-Haq when he inaugurated Pakistan's new Federal Advisory Council this week, no cheering crowds. The only burst of genuine enthusiasm detectable in the polite applause he received was when he announced the partial lifting of Press censorship.

In spite of President Zia's repeated assurances that he does not intend holding on to power longer than he feels is absolutely necessary, and that the new council is a "new beginning" which will eventually lead to civilian rule again, Pakistanis are not overjoyed.

The anti-Zia parties, based largely on the strength of the Pakistan People's Party, formerly led by Zulfiqar Ali Bhutto, the man executed by President Zia when he seized power in 1977, remain implacably hostile to the general. This is understandable. At the other extreme, the Islamic fundamentalists are less vocal but nevertheless pose a growing threat to the regime should it fail to move far enough and fast enough towards a full-blooded Islamic state.

### Healthy sign

In the middle, most Pakistanis have reacted to this week's events with cautious optimism and qualified approval. They rightly see the new council as a healthy sign but are waiting to see how it performs.

At present it is toothless. The council has no legislative powers. It cannot even vote on its deliberations. Its members have been picked because they have a "clean and unblemished reputation." They have been asked by President Zia to suggest ways in which Pakistan can be eventually returned to civilian rule, to what he describes as "Islamic democracy." What he means by this is not clear though it certainly does not mean Iranian-style rule by the mullahs. President Zia—a pious but not fanatical Muslim—feels they should stick to the pulpit.

Since his coup, President Zia has given Pakistan four-and-a-half years of badly needed stability, a breathing space after the traumatic breakaway of

THE lights were ablaze in the early hours of yesterday morning in the offices on the top floors of the headquarters of Associated Communications Corporation (ACC), the entertainment empire built up by Lord Grade. Executives toiled way into the night attempting to negotiate one of the most complex changes of control of a company that the City has seen for some time.

Downstairs in the front hall of the headquarters near London's Marble Arch, waiting chauffeurs walked out into the cold night air at regular intervals to warm the engines of the saloons that would eventually transport tired bankers, executives and tycoons back to their homes and hotels.

For the last few days one of the most remarkable careers in the history of the entertainment business has been in the spotlight. And last night Lord Grade, 75, agreed to hand over the control of the company to an Australian entrepreneur, Mr Robert Holmes à Court, more than 30 years his junior.

A one-time professional dancer, who was born in the Ukraine, Lord Grade's business career started as an agent. Through an investment in ATV, one of the first companies to gain a franchise to operate in the new commercial television service in the 1950s, Lord Grade assumed control. The empire now encompasses a 51 per cent stake in Central Independent Television, the company which took over the ATV franchise in the Midlands; the Elstree film studios; Pye records; Northern Songs of Lennon and McCartney fame; the former Beatles; the London Palladium, the Theatre Royal Drury Lane, Her Majesty's Theatre and 50 or so Classic cinemas.

The company became a personal fiefdom for Lord Grade who was the largest voting shareholder of the group. He and Lady Grade held between them 27.6 per cent of the voting shares.

The company is now set to control facing the most difficult period in its history, largely because of its involvement in film production. In the 1980s ACC's profits from television programme exports grew rapidly on the strength of Lord Grade's legendary salesmanship and on the appeal to the Americans of ATV Network series such as "The Saint" and "The Persuaders."

By 1987, ACC, then ATV, was the 13th most profitable company in Britain in terms of after-tax return on invested capital. Profits from activities other than broadcasting reached £2.5m and most of that came from television programme exports.

However, by the early 1970s the U.S. television networks became reluctant to gamble on foreign-made television series. With profits on the wane in programme exports Lord Grade decided instead to exploit the U.S. networks' interest in full-length films.

to write off a large part of the loans to the textile company.

In November 1978 the textile company moved to take over Bell Brothers Holdings, a Western Australian transport and civil engineering group then suffering losses of £43m in 1972 and 1973. An A\$11m offer was made by Western Australian Worsted, which acquired 82 per cent of the company. Later the textile group assumed the name of The Bell Group and has become Mr Holmes à Court's master company.

From a suffering road haulage contractor and civil engineer Bell was transformed into a conglomerate with media interests.

In the last year or so he has demonstrated that his media

Lord Grade's ambitions to become a movie mogul extended in other directions. He invested heavily in distribution and cinemas. In February 1979 he snapped up Mr Laurie March's InterEuropean Property Holdings, owner of the 50 or so Classic chain for £12.8m. It was a deal allegedly concluded in two minutes when Lord Grade bumped into Mr March in the West End.

At about the same time, in partnership with EMI and others, he set up a film distribution company in the U.S. Associated Film Distribution.

Both deals turned sour. The InterEuropean deal was concluded at a 60 per cent premium to the then market price of the shares. InterEuropean had forecast a profit of £2.8m in 1979 but only made £1.75m. Meanwhile Lord Grade soon found that distributing films in the U.S. had become as expensive as making them.

Only one in 30 or so films which the Grade empire made has achieved anything like adequate commercial success, and that was the Muppet Movie. "Raise the Titanic" was the most potable disaster and effectively sunk other board members' commitment to film production. It ran up production costs of £35m and losses of £1.6m before interest charges, prompting Lord Grade to observe that "it would have been cheaper to lower the Atlantic."

Between 1978 and 1981 group pre-tax profits of ACC slumped from £18.6m to £2.6m as turnover climbed from £113.6m to £249.9m.

There have been other pressures. The Independent Broadcasting Authority ordered ATV, the television network which once formed the cornerstone of the Grade empire, to offer 49 per cent of its shares to outsiders after competition from two other contractors and suggestions that ATV was too London-based. In the 1950s, when Lord Grade made his initial investment in ATV, and the 1960s Associated used the large television revenues as a cash flow to diversify and finance the move into feature films.

Now Central Independent Television, the renamed ATV group, is under new management with ACC holding a 51 per cent stake, and subscribing shareholders have been told that Central is budgeted to make a loss before tax of £2m in the 15 months ending March 31, 1983, but could be making profits of £8.8m in the year ending March 1983 although some uncertainty surrounds these figures.

With difficult times in store a reassessment of Lord Grade's personal management style was

already taking place in the City.

An entrepreneurial approach with seat of the pants

commercial decisions being made by the chief executive is fine when a company is growing.

But broader detailed

management skills are required when a company needs to consolidate its expansion pro-

gramme and rationalise.

Speculation mounted that all was not well in the Associated boardroom when at the end of 1980 it was revealed that an executive committee was to be formed, headed by Mr Jack Gill, the group managing director

and another director.

By September last year

Lord Grade and Mr Gill, 62, had fallen out and Mr Gill's resignation

was announced. Two days before Christmas, ACC revealed half year losses for the six

months ending September, 1981.

At the time of announcing the half year losses ACC told Lord Grade, the largest shareholder, told the 34 Mr individuals, who between them own 100 per cent of the voting shares of the group, and entitled to vote on major issues at general meetings, that a compensation payment of £100,000 was to be made to Mr Gill. In addition it was proposed to be allowed to buy £75,000 company shares for £50. Mr Gill would also be entitled to a company pension of £40,000 a year.

The City row which ensued over the payment of £100,000 brought to a spectacular a troubled period ACC's history.

Investor shareholders were furious they,

like the other 11,000 shareholders outside board

can only hold non-voting shares quoted on the stock exchange.

These do not allow them to vote on major boardroom decisions.

Shareholders took the rare step of launching legal action seeking the payment to Mr Gill before the compensation payment was to be approved by voting shareholders.

Lord Grade, his staunchest supporters, and Mr Robert Holmes à Court

had joined ACC in 1955 as chief accountant. Although two other directors were on the committee, Lord Grade was conspicuous by his absence. Lord Grade stated that he appointed the committee to allow him to get on with the running of the business. "It would be ludicrous to suggest that I am being phased out."

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## U.S. STEEL IMPORTS

## Battle in a 'stone dead' market

By David Lascelles in New York

"America is the only major industrial nation that is incapable of producing all of its own steel requirements."

THE BALD claim behind the case that has turned over the US, and the major trade nations over steel imports could hardly have been summed up more bluntly. Those words come from the American Iron and Steel Institute, the US steel industry's trade association, which is fighting to protect its markets—and in some cases from "unfair" competition abroad.

The row about steel has been rumbling for years. But it has brought to a head, by the jump in the US steel market and the state of near despair into which American steelmakers have been driven by the fact that there is almost no prospect of any improvement in the months ahead—or possibly never.

"A disaster" is how Ir Pater Barnes, one of Wall Street's top steel industry analysts, described it this week. "Stone dead," said a European import, adding that even the most optimistic forecast is only for an "agonizingly slow recovery."

Total deliveries of steel in the US market by US producers last year were 87m metric tons, a slight improvement on the 84m tons of 1980. But this upturn is deceptive. For one thing, both these figures mark a sharp drop from the 106m tons delivered in 1978 and are way below the 111m tons of 1973, the industry's best year ever. At the present rate Mr Marcus estimates that deliveries in the first quarter will only be 82m tons, and only 84m tons for 1982 as a whole. The total US steel market—imports and domestic production—is around 100m tonnes.

Worse still, the foreign share of deliveries reached record levels last year. Last August, import penetration hit a record 25 per cent and it probably averaged 21.5 per cent for the whole year, up from 16.5 per cent in 1980. One third of the 19.3m tons of imports (15.5m in 1980) came from the EEC countries with the rest coming mainly from Latin America, the

"official" discounts of up to 5 per cent on large orders or specialised items.

However, actual discounts can be much higher. Mr Marcus estimates, in the price watch that he keeps, that they amounted to \$70 a ton for "spot" carbon steel plate in December, which, he says, is the worst price slumping since the 1930s. Since then, another trader estimates they have risen a bit further to probably \$80 a ton—or 13.4 per cent below last price. This, however, represents the cut and thrust in the hottest markets. In markets where supply and demand are less fluid discounting is smaller, less than 4.5 per cent.

About 85,000 steelworkers have been laid off or put on short weeks, and countless furnaces shut down. But some steelmakers have taken a gamble and banked the fires so as to be able to start them up quickly should the recovery come sooner than expected.

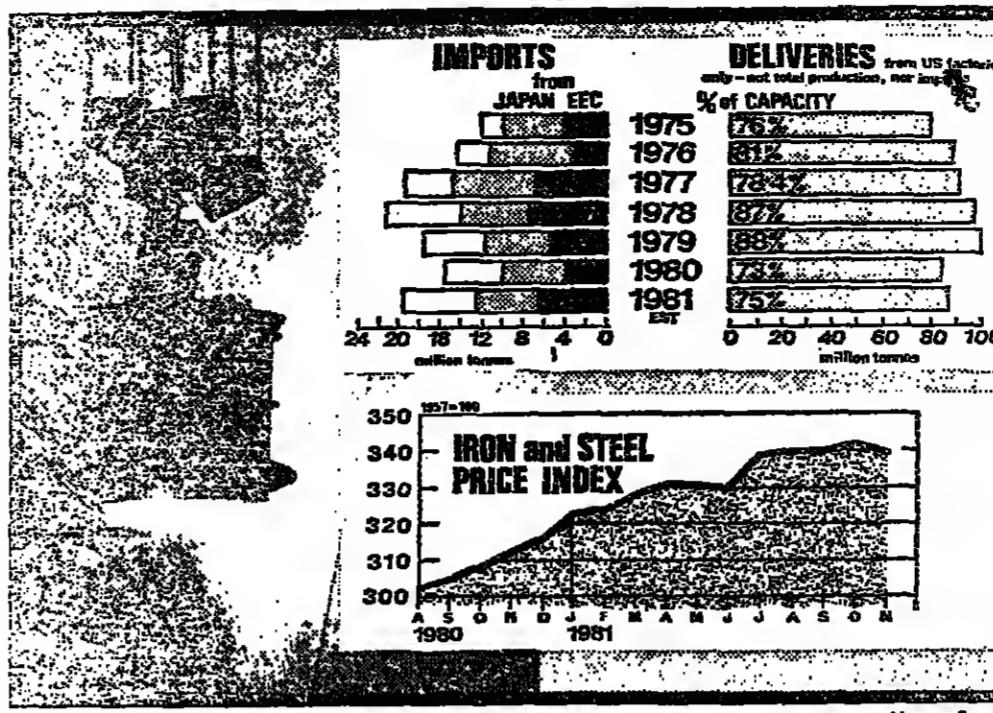
In the market itself, this slump has led to cut-throat competition which has made a laughing stock of list prices. Producers shy away from sharing their lists with anyone except their close customers, so the exact scale of the discount

## Competition made a laughing stock of list prices

ing that has broken out can only be estimated, albeit by well-informed observers.

The "composite" price for steel on the US market is currently about \$390 a metric ton, to which traders must add \$45.50 for freight and \$25.28 for handling and interest costs, thus pushing the full trigger price higher. To complicate matters, they might have to add up to eight further "extras" for thickness, quality and so on, totalling as much as \$130. This brought the trigger price close to the heavily discounted market prices. In practice, traders say, many foreign supplies have been selling at \$50 or more below "trigger" usually claiming that the US Government would rather tolerate trouble on the domestic steel market than risk a trade war with its allies—wrongly as it now turns out.

Ironically, the strengthening of European steel prices due to enforced cutbacks in production



Martyn Barnes

## WHAT HAPPENED TO DEMAND

THE US steel market is dominated by the close ties between producer and consumer. Three quarters of shipments move directly between the two: only a quarter go through middlemen or service centres.

In previous years the well-advertised weakness of big steel consumers like the car industry and housing was offset by strength in other areas.

The oil drilling boom set off an explosion in demand for heavy plate, bars and various types of formed steel.

But much of that has changed in the past six months. The machine tool business has gone into a slump. The energy exploration business is still working flat out, but has run up

against capacity constraints. Importers are also rushing to cash in on this market, pushing up as much as 50 per cent above demand.

The only other lively sector—construction steel—has held up mainly because of the long lead time in building skyscrapers, bridges and other large civil engineering projects. But this may well mean that the heavy construction sector will suffer a delayed recession.

The two largest markets for sheet metal—autos and household appliances—meanwhile show no sign of recovery.

In the last few months has narrowed the gap between foreign and American prices. However, traders say, many foreign supplies have been selling at \$50 or more below "trigger" usually claiming that the US Government would rather tolerate trouble on the domestic steel market than risk a trade war with its allies—wrongly as it now turns out.

Ironically, the strengthening of European steel prices due to

enforced cutbacks in production

gations that are about to start, though "fair value" is itself an elusive yardstick. Foreign suppliers who were not named in the complaint, on the other hand, are now freer to price at will since the trigger price mechanism was automatically suspended when the US steelmakers filed their complaints last Friday.

With the US economy in an unsteady state and broad dis-

agreement among economists about the timing of the recovery, the steel market is now in a state of flux. Extra uncertainty has been injected by the dumping complaints, which will take months to investigate and, if proven, will result in reprisals. However, demand is unlikely to be much stronger than last year, and imports may be down quite sharply if quotas are imposed.

A DESIRE for global economic discipline is a common thread running through many of the calls for International Monetary Reform and a New World Economic Order. If only there was some supranational institution—powerful, imaginative, decisive but of course "accountable" to just about everybody—which could manage the world economy, then oil bills would be paid, inflation would be properly tackled and that invigorating post-war feeling of economic confidence could be restored.

So it is with "The IMF: time for reform," a Young Fabian pamphlet written by Nick Butler of the Royal Institute of International Affairs and published this week. He maintains that "the instrument which Keynes helped to create, in order to build a sense of international co-operation and a process of economic management, has been perverted over the past ten years."

His arguments are based partly on political convictions and partly upon practical considerations. His political anger derives from the IMF's undoubtedly suspicion of the economic policies of socialist governments. The IMF's standard bugbear is excessive government spending and its standard prescription, austerity.

Nick Butler seems undecided whether the IMF should impinge on national sovereignty or not: perhaps his answer is that it should, provided it supports the sort of policies he approves of. Thus "control" must rest in decisions made by governments, not in the paternal halls of central banks.

The IMF should encourage development along paths suitable to, and chosen by, the countries concerned.

But on the other hand, he envisages the IMF as a development agency aiming to solve trade deficits by stimulating export growth. Such a change in philosophy will inevitably involve the IMF in judgments about particular industries and sectors," he says and then concedes that "the process of global economic management will inevitably involve some sacrifice of strictly national sovereignty."

What is lacking here is any recognition that the mandarins of the Fund have already changed their ways. In the first nine months of last year the Fund committed itself to loans of SDR 9.3ba (\$10.7bn) to developing countries compared with SDR 7.6b in the whole of 1980 and SDR 2.2bn in 1979. The Fund ignored the terms of its recent large loan to India.

But should the IMF, "remote from political events, unaffected by the consequences of its own actions and policies and almost immune to political influence," roll up its sleeves and chirpy its flock of members out of recession? Should the IMF "plan and co-ordinate the process of reviving the international economy?"

The Fund must certainly not emerge as an engine of international planning. The World Bank already exists to develop the supply side of developing economies, combining flows of finance with flows of advice, and the Bank must seize the new opportunities for useful investment thrown up by the rise in energy prices.

Like a bank manager, the job of the IMF is to tide its members over difficult periods while keeping their financial affairs in touch with reality. A bank manager's weapon is to restrain, not to prod or to push his clients in imposed directions, and like a bank manager the IMF must be more sympathetic in its restraint when times are hard.

The IMF: Time for reform: Young Fabian pamphlet, 85p.

## Lombard

## The IMF: banker not planner

By Nicholas Colchester

The pamphlet is on sounder ground when it touches upon practical arguments for a change in the Fund's ways. It is evident that the change in the pricing of oil—which made oil an energy price follower rather than price leader—cannot be regarded as a problem susceptible to short, sharp shock treatment. It is also evident that the Fund cannot ignore the political effects of its prescriptions if these include a collapse of public order or a breakdown of democracy.

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## Letters to the Editor

## Energy consumption and greater economic activity

From Mr L. Brooks

Sir—Although I had it easy to accept the diagnosis by Begg, Cripps and Ward (January 6) and it is hard to avoid their cure—namely, sustained high oil prices—as having more than short term relevance,

The authors seem to have in mind that it will be sufficient to leave it to high fuel prices to bring about conservation and substitution into other fuels. I think this is unsound.

Substitution out of fossil fuels was going more rapidly before 1973 than since. More nuclear stations were being opened than now. Substitution of more efficient plant tends to take place more readily in existing conditions (relative low commodity prices, including those for fuel) in case of economic uncertainty. Claims have been made for energy conservation response to raised price but it is very hard to disentangle

genuine improvements from effects upon the statistics that are due simply to the reduction in economic activity.

There seems to be no dispute that economic activity is greatly influenced by the availability of energy. This implies a closed system likely to tend—some time after a price hike—towards an equilibrium in which the new real oil price is not outrageously higher than before the hike but in which energy consumption and economic activity are distinctly lower.

Conservatives wonder why the raised price has not induced more energy saving.

Economists cannot believe that such a small real price increase can be responsible for so much damage.

The explanation is that the new price is represented by a point on a very different supply curve from the original one.

This same price on the old supply curve would correspond to a much higher level of

## Effectiveness in communication

From the Executive Director

So—Much of Bob Ramsay's article on "The long hard road to industrial harmony" (January 6) was purposeful and sought provoking and will provide useful guidelines for many managers seeking to improve Britain's industrial performance.

I applaud his emphasis on improved communication but I suggest that effectiveness of communication should be the concern. Giving information is not the same as putting over a message. Concentration on the "means" of communication too often loses a lack of focus on the "ends" required. Look of course at what gives the information a friendly, understandable and often the "language" of key management.

The author of his article seems to believe enhanced union structures and structures and representations as to strengthen industrial leadership. But as he also says, a single strong union is not the real breakthrough we want to see in the international scene.

But as the broader education of employees, their greater breadth of interests, their wider appreciation of the world and the increased individual and broader collective communication via Unions less important. Declining union membership seems to reflect this view and suggests that in place of increased emphasis on communication and leadership, it is better to direct more effort at individual employees and to get them to make any changes required in industrial management.

Dr G. Brooks

16 Ipswich Road, Bournemouth, Hants.

Church, that could enable the regime itself to evolve. Western attitudes and structures have developed in Poland that are irreversible.

The present Polish Government may well be glad to be able to offer reasons to the Soviet Government for moving towards greater liberalisation and democracy. Martial law in present form is a wasting asset. It can endure only temporarily in face of the sullen resistance, work-place slowdowns, much more effective than temporary miners' sit-in, industrial and agricultural strike, and lack of foreign exchange and machine parts.

The only Polish alternative would be a repressive military dictatorship which could well lead to further economic decline and create danger of civil war.

The Soviet Government must desperately hope that the Poles can deal with their own affairs. A Polish invasion would be the USSR's last resort.

Subsidies to the Polish economy, which is already overstretched, are not the answer.

For the first time an Eastern European regime has had to

replace the doctrinaire leadership of the Communist Party with an old-fashioned military take-over which has no legitimacy except its own effectiveness.

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# Associated Newspapers profits decline to £16m

SECOND-HALF taxable profits of Associated Newspapers Group fell sharply from £20.3m last time to £5.46m leaving the full year figure to 1st and September 1981 down by £6.31m to £16.34m. Turnover for the 12 months dropped from £238.63m to £223.47m.

When reporting a reduction in first-half pre-tax profits from £12.31m to £10.78m, the directors had warned that second-half earnings might be lower.

Yearly earnings per 25p share before extraordinary items are shown as 25.5m (£3.1p) before an exceptional tax credit of 5.17m (£1.17m). And as 39.1p after the tax credit. A final dividend of 5.8p is set to maintain the total payment at 10.4p net.

Tax took £8.48m (£11.85m). Including the exceptional tax credit and extraordinary items of £0.88m (£1.7m net), which relate to the joint Ferries closure, net earnings came through at £12.3m, compared with a deficit of £6.56m. Dividends again absorb 23.16m.

The pre-tax figures were after associates' share of £3.17m (£3.57m), investment income of £2.91m (£1.82m) and interest payable of £0.33m (£1.45m receivable).

## HIGHLIGHTS

Lex looks at *Burma Oil's* full offer document for *Creda* which includes a raising of the bid price for the deferred shares though the ordinary remains unchanged. The column then moves on to discuss the results from two major companies reporting yesterday. *Thorn EMI* has produced a 17.9 per cent advance in half-time profits to £45.5m thanks to increases overseas. At *S. & W. Berlitz* profits before tax for the year are up 12.7 per cent, improvement to £40.7m, largely due to the acquisition of a 40 per cent stake in *British Sugar*. On the inside pages *Associated Newspapers* profits have tumbled with the second-half contribution roughly halved. However, the dividend has been maintained.

In current cost terms, taxable profits were down from £18.06m to £11.64m.

### ● comment

*Associated Newspapers* warned of lower profits in the second half and indeed the pre-tax figure is roughly halved. There are some big swings at the trading level: the huge losses from the *Evening News* have ended, the regional newspapers have suffered a sharp decline and the *Daily Mail* has swung into loss, hurt initially by circulation wars and the effect of currency moves on newsprint costs. The contribution from oil is also down because of lower prices and a shutdown of the Argyle Field late in the year. Although the £18.3m pre-tax profit is worse than expected, the shares, which have tumbled more than 100p since last spring, were unchanged at 175p. In the current year recruitment advertising should start picking up and the oil price will benefit the benefit of 12 months of the 3p price increase last July. On the other hand, the *Sunday Mail*, which is to be launched in May, could slow the group's profits recovery. The shares are trading on a modest fully taxed p/e of under seven and yield nearly 9 per cent.

## Unit trust activities boost M & G

PRE-TAX PROFITS of M and G Group, unit and investment trust manager, rose from £1.9m to £3.85m in the year to September 30, 1981, and the board says the improved results are due in increased profits from the group's unit trust activities.

As from October 1 last, the group's UK-based assurance activities have been amalgamated into two companies.

The total dividend is raised from 10p, taking into account a four-for-one scrip and consolidation into 25p shares, to 12.5p with a final of 1.3p. After tax of 21.5p (£1.04m), net profits emerged higher at £2.28m compared with £1.86m. An extraordinary debit of £850,000 (£1.7m credit) has not been included in the after-tax profit.

The directors say that trading

since the end of the year has been quieter, but this is consistent with general market conditions.

### ● comment

M and G has not participated much in the trend to launching new investment vehicles in the past year or so but its profits have jumped by nearly a third mainly because of the strength of the UK stock market.

Unfortunately, because its year end is September 30 when the market was near its low for the year, the rise in value of funds under management appears much more modest. The value of managed unit trusts, for example, rose only 6 per cent to 76.1m. So far in the current year markets have been quiet and the group has no plans for further new issues. However, it is seeking permission to raise charges on most of its funds, especially those that invest overseas, and the 25 per cent increase in the dividend reflects a return of confidence after the difficulties of two years ago. At 320p, up 4p, the shares yield 5.7 per cent.

### TELFOS

The recent rights issue by Telfos Holdings of 2.4m ordinary shares and £1.10m in unsecured convertible loan stock has been taken up in respect of 1.5m ordinary shares and £559,434 of loan stock. All shares and loan stock not taken up have been placed in the market.

Although the new policy may mean an initial reduction in income, Mr Turcan says there should be good prospects for revenue growth in the longer term. The directors expect to maintain the dividend of 3.1p for the year to March 31 1982.

The move is based on the experience of recent years in which Mr Turcan says a number of successful investments have been made in smaller companies "outside the mainstream conventional equity investment."

## General Scottish policy change

Future investment by the General Scottish Trust will concentrate exclusively on small to medium companies, both quoted and unquoted, says Mr P. W. Turcan, chairman. He feels the scope for capital and revenue growth is often superior in the area of small companies.

This move is based on the

experience of recent years in which Mr Turcan says a number of successful investments have been made in smaller companies "outside the mainstream conventional equity investment."

## The Royal Bank of Scotland Group Limited

### ANNUAL GENERAL MEETING

The Annual General Meeting of The Royal Bank of Scotland Group Limited was held on 14 January 1982 at the North British Hotel, Edinburgh. Sir Michael Herries presided.

A resolution declaring a final dividend on the ordinary shares of 3.0p per share was passed.

Resolutions were passed re-appointing Mr C M Winter, Mr L M Harper Gow and Sir Austin Pearce as Directors.

Resolutions re-appointing Peat, Marwick, Mitchell & Co. as Auditors and authorising the Directors to fix their remuneration as Auditors were also passed.

A resolution was also passed on the following on a poll:

	Votes for	Votes against
Re-appointment of Mr P E G Balfour as a Director	59,142,399	1,172,664

M R McLean,  
Assistant Secretary,  
36 St. Andrew Square,  
Edinburgh.

14 January 1982

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange.

## HABITAT MOTHERCARE PLC

Unincorporated in England under the Companies Act 1948 to 1979 (No. 63144)

Change of Name and Allotment of up to £38,072,847 9/2 per cent. Convertible Unsecured Loan Stock 1988/2001

Following the merger of The Habitat Group PLC and Mothercare plc becoming unconditional in all respects, The Habitat Group PLC is changing its name, subject to the consent of the Department of Trade, to Habitat Mothercare PLC.

The Council of The Stock Exchange has admitted to the Official List the above Convertible Loan Stock allotted pursuant to the merger. Particulars of the Convertible Loan Stock are available in the Exel Statistical Services and copies of such particulars may be obtained from:

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During the merger negotiations The Habitat Group PLC was advised by Morgan Grenfell & Co. Limited

# UK COMPANY NEWS

## Thorn EMI results climb 17.9% to £45.5m

BETTER FIGURES from its overseas operations helped *Thorn EMI* to improve its pre-tax profits by 17.9 per cent to £45.5m for the year ended September 30, 1981. Profits rose from £38.6m to £45.5m, and external turnover advanced by 13.5 per cent from £1.04bn to £1.15bn. Home turnover rose from £637.7m to £705.3m and the overseas share, including exports, increased from £38.1m to £47.5m.

The interim dividend is unchanged at 4.65p net per 25p share—last year's total was 14.625p.

The pre-tax figure was struck after depreciation up from £70.4m to £88.9m and financing charges of £17.3m (£18.1m in 1980).

Sir Richard Cave, the chairman, says that despite difficult trading conditions, UK profitability has been maintained, reflecting the management actions taken during the previous financial year.

He points out that the charge in the period for depreciation on rental colour television receivers and video cassette recorders was £6.3m compared with £47.3m, indicating the

increasing strength of the rental business for the future.

It has been necessary to make further reductions in the UK labour force of approximately 4,000. The current labour strength in the UK is 79,000 and this compares with 101,000 following the merger with EMI in December 1979.

Some 6,000 of the reduction is in the disposal of certain businesses, but more than 16,000 jobs have been lost due to the direct effects of worldwide recession and the impact of exchange rates and level of interest charges.

Sir Richard says the television rental companies experienced strong demand for colour television receivers and this was reflected in advance of the Royal Wedding in July, and this has been maintained.

The continued popularity of the TX range of colour television receivers has resulted in full factory loadings and improved profitability.

The profitability of the music group was improved as the result

of the rationalisation actions taken in earlier years, particularly in the UK and European subsidiaries. Business levels have generally held up well in the U.S. and other international markets.

The high level of investment in video software and the lack of any real success in recent film releases led to a loss in film, video and leisure.

The electronic gas and general division, the domestic appliance product group, were all profitable despite the absence of the anticipated upturn in demand. The lack of orders for lighting products was particularly disappointing to the major actions taken last year to reduce the production capacity.

Part of TX's productivity improvement has been held in the year-end accounts.

Sir Richard says the strategy through to the mid-1980s ad-

ditions to the mid-1980s ad-

## Thomas French improves

AN INCREASE in profits was shown by Thomas French and Sons for the year to October 3 1981. The taxable surplus rose from £1.34m to £1.66m, turning up from £16.86m to £19.29m. The final net dividend of this manufacturer of curtain styling and electric sunshades and products has been raised from 5p to 7.5p, which increases the total from 5s to 6s. Earnings per 10p ordinary share were given as higher at 27p, against 22.8p previously.

Pre-tax profits were struck up by higher associated companies' profits of £13,000 against £2,000 before Tax took an increased £619,000, against £461,000.

Attributable profits emerged higher at £1.18m, compared with £950,000 after minority debits fell from £30,000 to £24,000 and extraordinary credits improved from £97,000 to £81,000.

Net profit cost pre-tax profit emerged at £1.11m (£295,000).

## Abbey Ltd. ahead of forecast

TAXABLE PROFITS of Abbey Limited, the Dublin-based industrial holding company, rose from £1.46m to £1.63m for the half year to October 31 1981. At the annual meeting the directors forecast profits at least equal to those of the corresponding period last year but they declined to predict the outcome for the full year.

The half year pre-tax figure was struck after interest charges of £1.53m (£1.62m) and included a six per cent profit of associates of £44,000 (£35,000). Tax took £55,000 (£50,000).

The net interim dividend is the same at 14.1p per 25p share as last year's final was 2.5p.

Turnover of the company, which has interests in residential housing, plant hire, builders' merchanting, engineering, commercial property and stationery manufacture, improved from £85.82m to £90.09m.

## MEPC in £21m U.S. deal

MEPC has completed the acquisition of the Waikiki Trade Center, Honolulu, Hawaii, U.S., at a price of US\$39.5m (£21.0m). The 13 acre site takes in 146,500 sq ft of offices and 43,755 sq ft of retail accommodation on two levels with parking for over 500 cars.

The company also says that its North Dallas development on a 13 acre site in the Quorum fronting Dallas Parkway, an office complex of 1m sq ft to be called the Colonnade, will start with a first phase of 350,000 sq ft. Phase one is expected to be ready for occupation in the first half of 1983.

## Berisford rises to £40.7m and pays 5p final

INCLUDING SHARPLY higher associates' earnings of £2.2m, against 10.1m, pre-tax profits of S. and W. Berisford, the textile and electrical manufacturer, rose from £36.6m to £40.7m for the year ended September 30 1981. Second-half taxable profits were ahead from £19.25m in £23.25m.

The results reflect the consolidation of the company's 40.02 per cent holding in British Sugar Corporation—without this consolidation, Berisford's full year pre-tax profits were £37m.

Stated earnings per 25p share fell slightly from 18.69p to 18.67p, but in line with forecast. The dividend is effectively raised from 6.5p to 7.5p net with a final of 5.5p.

Turnover decreased from £2.45m to £2.35m. An overall increase in profits and market share was not reflected in turnover due to sharply reduced commodity prices.

The directors say the diversity and balance of the group's operations has again been a source of strength in maintaining performance in a year of very demanding conditions.

Some of its main international trading activities have experienced difficult markets, but elsewhere there have been opportunities within the growing strength of Berisford's worldwide establishment that enabled it to raise. In the UK, some group businesses have been severely affected by the recession.

A divisional breakdown of sales and profits (to 900s) shows: commodity merchanting £1,431,666 (£1,602,355) and £7,682 (£28,154); food merchanting and processing £585,048

(£562,050) and £13,810 (£12,681); industrial materials merchanting and processing £253,274 (£225,371) and £4,109 (£4,084); property (£5,453) and £549; and £923 (£236); and financial services £2,718 (£2,214) and £622 (£512) respectively.

Group administration costs, less investment income, amounted to £131,000 (£584,000). Interest charges were down from £11.81m (£10.3m) and after deducting debits of £0.2m (£0.1m) and extraordinary items of £4.2m (£0.7m) the available surplus was lower at £2.6m, against £2.8m. Dividend cost rose from £0.2m to £0.25m.

Berisford expects to conclude an acquisition worth around £15m within the next three to four months, Mr Gordon Percival, a Berisford director, said yesterday.

Berisford is planning to buy a private company with interests in North and South America, Africa and Europe. The company would form part of Berisford's food merchanting and processing division. Part of the acquisition price is expected to be paid on completion with the balance to be stretched over a period of several years.

Mr Percival said that Berisford is about to bring on stream a third steel pipe plant in the U.S. with a potential production capacity of 170,000 tonnes a year. The plant will employ assets of between £50m and £60m.

Mr Percival said that he expected the operation to achieve a profit of around £10m a year.

See Lex

## British Sugar anticipating another bid from Berisford

SINCE July British Sugar Corporation has had several meetings with S. and W. Berisford, which holds 40.02 per cent of the equity. Sir Gerald Thorley, chairman of British Sugar, said yesterday that his company was working on the assumption that Berisford would make a further bid in July or some time after that.

Sir Gerald was addressing the annual meeting at which all directors, including Berisford's representative Mr John Padavan who was appointed to the board in November, were unanimously re-elected.

After the meeting chief executive Mr John Beckett said that he continued to regard British Sugar's 14.15 per cent stake in Rank Hovis McDougall as "a significant strategic holding."

In his report to the AGM, Sir

Gerald stated that this year's beet crop should be about the same as last year's 1.1m tonnes.

The recent arctic conditions caused the loss of about 1 per cent of the crop. He described the harvest as "highly successful."

The company plans to continue to invest around £30m a year, to increase efficiency. Plans for diversification have been held up by Berisford's intervention over the past two years.

### NO PROBES

The following mergers are not to be referred to the Monopolies and Mergers Commission:

Scammon Properties/London Shop Property Trust; Town and City Properties/Berkshire Hamro Properties Co.; Radio Sales and Marketing/Associated Independent Radio Services.

## Jones Stroud upturn

GROUP restructuring since the onset of the recession helped bring about a recovery in taxable profits at Jones Stroud (Holdings) from £685,000 to £1.2m in the six months to September 30 1981. Turnover slipped marginally from £41.9m to £40.06m.

The interim dividend of this manufacturer of fabrics, accessories and materials for the textile and electrical industries is being maintained at 6.5p net per share.

Last year a total of 5.5p was paid on pre-tax profits of £1.31m. Earnings per share for the six months are given as 7.5p (3.85p).

The directors expect profits for the second half "to be similar to those now reported," though interest rates have risen again and trading is still difficult.

Profits before tax were struck after lower interest payable of £24,000 (£42,000) and reduced associate's net taxable profits of £169,000 (£231,000). Tax took £471,000 (£511,000) and there were extraordinary credits of £366,000 (£134,000 debits). After preference dividends of £55,000 (same), the attributable profits emerged at £1.04m (£1.05m).

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See Lex

## Dixons exceeds £6m: raises payout

CONFIDENCE IN the group's expansion potential is expressed by Mr Stanley Kalms, chairman of Dixons Photographic, after taxable profits rose from £8.01m to £10.08m for the 28 weeks to November 14 1981. Net sales moved up from £113.71m to £135.96m.

The net interim dividend of this photographic retailer, with interests in photo trade processing, pharmacy and property, has been lifted from £1.3125p to 1.379p. In the last full year a total payment of £4.9125p was

"Finances remain strong," says Mr Kalms and the group continues to invest in growth areas.

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Mr Percival said that he expected the operation to achieve a profit of around £10m a year.

See Lex

REPLACED taxable losses of £147,000 compared with £88,000 are reported by Gowers in the 12 months ended October 10 1981. Turnover excluding VAT was up slightly at £10.06m.

The directors, however, make no forecast about the year-end results. They say estimating demand for the products of the industry for 1982 is too uncertain.

Nevertheless, they are stepping up the net interim dividend from 2.1p to 2.4p per 25p share—a final of 4.5p was paid for 1980-81—from stated earnings per share 1p better at 8.3p.

The taxable surplus for the first half included a share of profits of associates which advanced from £21,000 to £18,000. Tax took slightly more at £5.75m on turnover £3.7m higher.

The directors say there were no assets attributable to the capital shares (same). They expect that the reduction of capital, approved by shareholders, will become effective towards the end of the month.

ICI CONVERSION

Holders of a further £1,000 Imperial Chemical Industries 6.1 per cent guaranteed bonds due in 1997, have exercised their right of conversion into ICI ordinary stock. The number of bonds now outstanding is 23,741, representing £287.4m.

Stated earnings per share came through lower at 1.51p (1.84p). Net asset value per income share was 35.14p (39.78p)—as at December 31 1981 it was 35.68p.

The directors say there were no assets attributable to the capital shares (same). They expect that the reduction of capital, approved by shareholders, will become effective towards the end of the month.

### Centrovincial's modest increase

A MODEST rise from £621,000 to £633,000 in net pre-tax revenue is reported by Centrovincial Estates for the six months to September 30 1981. This figure was struck after interest charges up from £1.16m to £1.45m and higher realised dealing profits of £97,000 compared with £19,000. UK net revenue was £536,000 compared with £602,000 and the overseas contribution was £121,000 against losses of £8,000.

The directors say that during the half-year, the increases in net rental income achieved in the UK and abroad have been more than offset by increased interest charges on the group's

planned for 1982 to be added.

Despite extremely difficult world trading conditions, good divisional results were achieved by the retail, property, manufacturing and overseas divisions.

Processing, however, suffered from intense competition, he says.

Pharmaceutical failed to improve.

An analysis of net profits

shows: retail £2.02m (£1.33m); pharmaceutical £153,000 (£122,000); manufacturing £308,000 (£233,000); property £1.36m (£1.42m); and overseas £1.54m (£1.77,000).

The group's turnover £2.56m compared with £2.55m before. Attributable profits emerged at £3.44m, planned for 1982 to be added.

against £2.83m last time, after decreased extraordinary credits of £18,000 (£28,000).

### ● comment

Dixons is climbing off its three-year profits plateau despite its troubles in the battle-torn film processing and pharmaceutical businesses. The group managed

a creditable 10 per cent volume increase in the retail division,

aided by growth in electronic games and gadgets. A major contributor to the 30 per cent profit increase is the growth in overseas sales.

Finances remain strong," says Mr Kalms and the group continues to invest in growth areas.

The directors say that the future looks good for the retail division.

Overall, the group's performance is expected to be strong.

With VAT at 16.5%, a prospective p/e of 14 seems somewhat demanding considering Dixons remains one way from firing on all cylinders. The prospective yield is 3.2 assuming a similar rise in the final.

sector's price wars continue. Film processing should also show a loss in the second half due to lack of throughput in the winter months. Dixons had a reasonable Christmas season in retailing so this division should well offset the two problem divisions. Steady performances are expected from the property and overseas divisions to give the full year a reasonable expectation. With VAT at 16.5%, a prospective p/e of 14 seems somewhat demanding considering Dixons remains one way from firing on all cylinders. The prospective yield is 3.2 assuming a similar rise in the final.

## Cantors reduces losses

REDUCED taxable losses of £147,000 compared with £88,000 are reported by Gowers in the 12 months ended October 10 1981. Turnover excluding VAT was up slightly at £10.06m.

This retailer of general house furnishings, carpets and bedding will not pay an interim dividend for the second consecutive year.

The stated loss per share was 2.22p compared with 12.18p previously. The last final dividend per 20p share for the year to April 30 1981 was 0.01p net.

The directors say the results for the six months introduced 12 months ago. They hope the results for the second six months will compare with those of the second half last year and will not be adversely affected by industrial unrest or the type of weather experienced this winter.

Pre-tax profits were struck after reduced interest charges of £183,000 (£219,000), depreciation of £199,000 (£191,000) and a credit of £26,000 (£167,000) representing a decrease in the provision for unearned profit.

There was again no tax charge.

## Confidence at NSS

With sales in the current year running some 22 per cent higher than for the same period last year, the board of NSS Newsagents is hopeful of a satisfactory result for 1981-82, says Mr P. H. Byam-Cook, the chairman, in his annual statement.

For the 12 months to September 27 1981, pre-tax profits increased from 7 per cent from £4.35m to £4.82m, on turnover of £17.78m (£17.45m), excluding VAT—as reported December 9.

The board shall continue to pursue its policy of extending the range and diversity of its

# Bougainville's 1981 output is higher, but . . .

BY KENNETH MARSTON, MINING EDITOR

DESPITE A slight fall in output during the final quarter, significantly higher production for 1981 is reported by the Rio Tinto-Zinc group's big, but low grade, Bougainville copper-gold mine in Papua, New Guinea.

Thanks to a better grade of ore milled, the metal content of the total 1981 output was: copper 163,420 tonnes; 114,613 tonnes in 1980; gold 16,506 kilograms (37,861 kg in silver grammes); 66,906 kg in zinc; 42,888 kg (36,856 kg) in lead.

This increased output, however, will still leave the company with sharply lower profits than those of 1980. Results for the first six months of 1981 showed a fall in earnings of 66 per cent to K12.5m (£9.86m) from K36m in the same period of 1980.

It was pointed out then that the company was being hit by low metal prices coupled with the effects of export sales revenue of the PNG Government's policy of maintaining a strong exchange rate for the country's kina against the U.S. dollar in order to restrain domestic inflation.

Bougainville thus warned that profits for the second half would continue to fall if metal prices did not improve. Unhappily, copper is now subdued again after a short-lived improvement while the price of gold has continued to sag with that of the by-products molybdenum and cobalt metals.

Bougainville lowered its interim dividend by 3 pence (15p). For 1980 there was an interim of 3 pence followed by a final of 6 pence plus a bonus of 6 pence. Despite the severe cut in the interim payment, a reduction in the final for 1981 seems inevitable.

This is another pointer to the lower earnings expected from

## Burnett proves coal reserves in Philippines

THE UK mining and investment group Burnett and Hallamshire Holdings (B and H) has concluded a feasibility study on its Cauyao coal mining project in the Philippines.

Mr George Helsby, chairman of the group, said yesterday that the study had established prove reserves amounting to more than 60m tonnes of lignite (brown coal) and sub-bituminous coal, with 52m tonnes known to be recoverable.

After a formal presentation of the results of the study to the Philippines Government in December, the National Power Corporation there has decided to go ahead with a study of the feasibility of building a power station at the site.

Mr Helsby said that B and H expects to finalise negotiations on a coal sales agreement this year.

## Geometals rise on oil find

NEWS THAT Australia's Geometals NL holds an indirect interest in an encouraging oil discovery in Frio County, Texas, lifted Geometals shares 5p to 15p in London yesterday.

The oil discovery was made by the U.S. company Major Exploration in the Allerkamp No 2 well drilled on the Pearsall prospect in Frio County.

Mr Dan Hill, chairman of Geometals, said in Perth, Western Australia yesterday that during an initial 24-hour test the 5,275 ft deep well flowed 6,095 barrels of oil a day and an estimated 40m cu ft of gas a day from the Austin Chalk formation between 5,205 and 5,275 ft.

Production equipment is being installed at the well.

Major Exploration owns a 50 per cent working interest in Allerkamp 2 and a 100 per cent working interest in its surrounding 660 acres and remaining drilling locations.

Geometals' interest in the discovery stems from its 50 per cent holding in Geometals Oil Exploration. The latter holds 3m shares or 17.5 per cent of Major Exploration, which has a 12.5 per cent interest in Geometals Oil Exploration.

Other interests in Geometals Oil Exploration are Conex Australis NL 6.25 per cent and Energy Oil and Gas NL.

Implementation of changes in tax laws, both of which will help to cut the industry's costs, related to higher productivity, according to Mr George Munroe, chairman of Phelps Dodge, America's second biggest copper producer.

Mr Munroe told a luncheon of leaders of business, government and the community in Phoenix, Arizona, that this was just one of several cost-cutting measures needed to help the industry weather its present painful period. Phelps Dodge has extensive interests in the state of Arizona.

He also called for the enactment of proposed changes in federal legislation on the environment and the more rapid

## MEEKATHARRA SCRIP ISSUE

Shares of Australia's Meekatharra Minerals rose 20 to 170p in London yesterday, after a new interim dividend of 2.25p per share was paid.

It was reported that some mechanism is to be found to modify the cost of living adjustments in these agreements in order to "recognise the unique economicities of the copper industry."

Over the past 10 years, hourly wages have risen by 22 per cent in real terms, while the copper price has fallen by about 33 per cent, Mr Munroe said. "This kind of relationship simply cannot continue indefinitely," he added.

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## Phelps Dodge chief in call for wage limits

THE U.S. copper industry needs limitations on increases in wages and benefits which are not related to higher productivity, according to Mr George Munroe, chairman of Phelps Dodge, America's second biggest copper producer.

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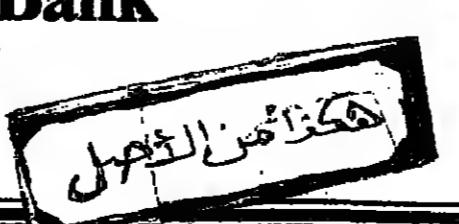
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## Merger with Mothercare 'great opportunity' for Habitat

BY DUNCAN CAMPBELL-SMITH

Mr Terence Conran, the chairman of Habitat, gave an enthusiastic launching address yesterday for the new enterprise created by his company's acquisition of Mothercare. Stressing again that it was really a merger of the two businesses, he described it as "one of the greatest opportunities which could ever be presented to Habitat".

His remarks followed the passing at Habitat's extraordinary general meeting of a resolution approving the deal. Shareholders of Mothercare had done the same at their own extraordinary general meeting just over an hour earlier.

No questions were asked at either meeting and an overwhelming majority of proxy votes approved both resolutions.

The Habitat meeting further

approved the adoption of the same Habitat Mothercare plc for the parent company which will commence trading on the Stock Exchange this morning.

Mr Conran began a statement on the new company's future by clarifying again the circumstances which determined the timing of the merger. There had been no thought of it at the time of the public flotation of Habitat in October. Habitat had

not sought a merger but had been approached by Mothercare with terms "vastly different" from a proposition discussed some time prior to the flotation.

Describing Habitat's pursuit of this initiative as "the action of a competent and ambitious executive," he said he thought investors in Habitat would see it as "consistent" with their board's earlier entrepreneurial attitudes and would take a long-term view.

The new company, said Mr Conran, aims to make Mothercare's shops "more friendly, informative and inviting".

Habitat's management could draw upon their existing knowledge of the target market, their design and styling skills and their legacy of the "superb enterprise" built up by Mr

Conran, the chairman of

Mothercare.

Mr Conran reviewed a number of areas where he already had some form of innovation and concluded that there was "enormous" potential for growth.

He admitted after the meeting that he had been "very, very disappointed indeed" with the performance of Habitat's shares on the market since the announcement of the merger. He attributed this very largely to unfavourable press comment and the large amount of Habitat paper now around in the City.

However, he had talked to half a dozen institutional shareholders and found a general sympathy with "Now I am looking forward to getting down to the job and proving our critics

wrong," said Mr Conran.

Habitat's shares closed unchanged at 105p.

## United Newspapers offers £10.7m for Colonial Securities

BY TIM DICKSON

United Newspapers is bidding £10.7m for the Colonial Securities Trust Company, an authorised investment trust managed by Drayton Montagu Portfolio Management. The move is effectively a disguised rights issue by UN, the proceeds of which will be used to invest in new areas of technology, UN's share price fell 9p to 16p yesterday.

Pre-tax profits of UN for the year to December 31 1981 were about £4m, before an exceptional non-recurring charge for depreciation of £460,000.

UN's pre-tax profits in 1980 of £4.6m, including investment income of £1.3m. This is a 50 per cent dividend of 7.5p per share for 1981, making a total of 12p.

Yesterday's agreed bid follows the suspension on Tuesday of Colonial shares at 54p and the statement that takeover talks were in progress. The latest news helped Colonial's shares back to 65p last night.

The total value of the bid is slightly in excess of the total estimated net asset value of Colonial on January 12. The offer provides shareholders with the chance to exchange their shares for UN shares, or cash alternative. UN has received irrevocable undertakings from holders representing 47.5 per cent of the Colonial ordinary.

The terms are as follows: for every 1,000 Colonial ordinary shares either 465 ordinary shares of UN or 565 pence preference stock, or 519 UN ordinary shares or £1,000 in cash for every 1,000 Colonial second preference shares, either 210 ordinary shares or £265 in cash. The ordinary shares to be issued by UN will not rank for the proposed final dividend for last year.

There are conditions to the offer in the event of the net asset value of Colonial moving significantly before the closing date.

Colonial ordinary shareholders will retain a second interim dividend of 2.25p declared yesterday, and payable in April. There will also be dividends for the preference shareholders.

Underwriting of the 7,344m new UN shares being issued will be by Samuel Montagu at 145p, but existing UN shareholders

will be given the opportunity to subscribe for these new shares to the extent that Colonial shareholders opt for the cash alternative.

UN said it plans to realise the investment portfolio of Colonial, thereby raising £10m in cash which will be invested in technology and activities associated with UN's principal business of operating provincial newspapers.

"While direct expansion in the field of provincial newspapers . . . may be restricted by the monopolies and mergers legislation, the board of UN is investigating a number of situations in the UK to publishing, printing and retailing and in related activities such as electronic publishing systems, telecommunications, and other means of procuring and distributing information."

Overseas opportunities are also being sought, notably in the U.S.

Discussing its 1981 results, UN says that profits have been influenced by a considerable reduction in interest received, partly due to spending of £1m during the year on plant and machinery and investment of £1m in the new Yorkshire and Tyne Tees television companies.

The directors view the future with confidence and consider that the UN group "is well placed to benefit from any upturn in the economy with particular emphasis on any increase in advertising revenue."

Future results will also derive from the increase in newspaper cover prices last month.

The bid, which is recommended by the Board, comes just over a year after the adoption of proposals, encouraged by institutional shareholders, which it was hoped would reduce the discount between Colonial's share price and net asset value.

The discount, however, "was not as a result of a significant reduction," said the Board. The company decided that the prospectus should either be put on voluntary liquidation or an offer for the share capital sought.

Revenue after tax of Colonial Securities Trust Company advanced from £353,041 to £632,755 in 1981, while total assets less current liabilities were valued at £10.66m at the year-end compared with £10.75m last time.

The second interim dividend is being raised from 16p per share (adjusted for division of each 25p share into five 5p units) to 23p, making a total of 3p (23p adjusted).

Net assets per share are given as 65p (65p adjusted) after deducting the 5 per cent cumulative preference shares at par and the 70 per cent cumulative at 27p per share, being the mid-market price at the close of business at the year-end.

Tax took £304,508 (£234,443).

## Burmah bid revised by Takeover Panel

Burmah Oil has lifted part of its cash bid for Croda, the speciality chemicals producer.

It is being raised from 16p per share for the ordinary deferred portion of Croda's equity on which dividends will not be paid until 1988.

It emerged that Burmah had initially presented "a not dissimilar" price for the deferred shares in the offer package discussed with the Takeover Panel before the announcement of the bid on December 15.

The Panel was anxious that the price should be fully comparable with the 70p bid for the ordinary shares. It based its original view, however, on a view of the percentage difference between the prices of the two classes of share trading in the market. It subsequently changed its mind and agreed with a number of shareholders who pointed out that the absolute difference in pence was a more proper basis of comparison.

The offer document otherwise contained few surprises, though a separate letter from Sir Alastair Down, Burmah's chairman, notified the group's shareholders of its intention to sell the Quinton-Hazell automotive components subsidiary.

Burmah closed down 2p at 113p while Croda's ordinary were unchanged at 77p.

## Bon Marché makes agreed offer for New Sylhet

Bon Marché Wine (Shippers) has made an agreed bid for New Sylhet Holdings, which grows and manufactures tea in Bangladesh. The bid values the company at £393,000.

The offer is 200p per ordinary share of NSH and 75p per preference share. The bid has been launched with acceptances from 41.29 per cent of the ordinary shares and 66.41 per cent of the preference. This represents 42.76 per cent of the voting rights. NSH's shares gained 15p yesterday to close at 240p.

Bon Marché said yesterday that the business of the two groups were complementary even though they operated in different fields. The board gave assurances that NSH's own identity and independence within its "operating spheres" would be maintained if the offer

was approved. All employment agreements would be safeguarded, with the exception of Mr J. Blachard, a director of NSH, who would leave his post following the offer's acceptance.

NSH reported pre-tax profits of £26,664 for 1980, against losses of £18,887 in 1979. Net asset value per share at the end of 1980 was stated at 130.4p, but the directors said in November that the value of the company's interests in its tea estate is significantly in excess of the book value.





This announcement appears as a matter of record only.

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Commercial Paper Program

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January 12, 1982

### Sears, Roebuck and Co.

has acquired

### Coldwell, Banker & Company

We acted as financial advisor to  
Sears, Roebuck and Co.  
in this transaction and as Dealer Managers of its tender offer.

### Goldman, Sachs & Co.

New York Boston Chicago Dallas Detroit  
Houston Los Angeles Memphis Miami  
Philadelphia St. Louis San Francisco  
London Tokyo Zurich

January 5, 1982

## French bankers to allay fears of foreign partners

BY DAVID HOUSEGO IN PARIS

THE FRENCH government is to impress on the new chairman of French banks now in the final throes of being nationalised that a major task before them in the coming months will be to reassure foreign partners that the banks will continue to operate as professional, commercial organisations.

Appointments of the chairmen of the 36 banks being taken over will be finalised over the next few days. Before the new nominations are announced — probably after the weekly Cabinet meeting next Wednesday — the Government expects to receive the judgement of the Constitutional Council on the legality of its nationalisation measure.

Although the Government does not expect the council, the supreme judicial body, to challenge fundamentally the will of the National Assembly, modifications in the Bill are possible which could effect the final number of banks being taken over.

Among appointments ex-

pected to be made are M Jean-

Yves Haberer, Director of the Treasury, as the new head of Paribas, and M Dominique Chatillon, who is likely to stay on as head of Credit Industriel et Commercial (CIC). CIC's decentralised structure is seen as something of a model for other banks.

The Government is particularly anxious in reassessing foreign opinion that the newly nationalised banks will have autonomy of management and not benefit from the state. This is particularly true of Indosuez and Paribas, which have the largest international operations.

In the same spirit of minimising the immediate impact of the change, officials say that the Government will pointedly refrain from encouraging the new chairman to hasty mergers and marriages with other domestic banks. In the medium to long term, the Government foresees a regrouping of banks that would combine those with a large deposit base and those whose source of funds depends on borrowing from the money market. Such a regrouping

would also incorporate criteria such as complementing regionally based banks and those with widespread international operations.

But the Government no longer wants to hurry such mergers believing there are affinities and differences between institutions which the administration has not fully taken into account. Some independent bankers have been expecting nationalisation to be rapidly followed by a "canalisation" of smaller banks by the larger institutions.

Instead, the Government seems anxious that banks retain as much of their existing management team. Restoring their morale will also be a priority task for the new chairmen.

On decentralisation of the major banks — a key element of the planned reform — the furthest the Government wants to go at the moment is to encourage stronger local links between banks and the newly constituted local authorities. For the time being borrowers are unlikely to find much change in the criteria on which credit is allocated.

## France to test its grand design for electronics

BY TERRY DODSWORTH IN PARIS

IF AN IRON test for the French Socialists' new industrial policy were needed, there could be no better choice than electronics. It is an industry which encapsulates the Government's ambitions for responding to the challenge of new technology, while reflecting all its fears over the spectre of U.S. and Japanese domination.

But electronics is also a

particularly difficult industry to organise through the favourite French methods of direct administrative intervention. This is what makes the Socialist experiment so interesting: the Government of M. François Mitterrand clearly intends to go ahead with a centrally master-minded grand plan for the industry, involving wholesale nationalisation, heavy public spending in the order of FF 10bn (\$1.8bn), and intervention all along the line.

The idea of consolidating the national effort in the ailing segments of the electronics industry undoubtedly lies behind the decision earlier this week to veto Thomson-CSF's proposed link with SEL of the U.S.

### A setback

Thomson conceived this deal as part of its strategy to give France a large degree of national independence right along the chain of manufacture, from chips through to office equipment, telecommunications and virtually any size of computer.

### Coherent plan

This policy conforms with the new Industry Ministry's "filière" doctrine — the attempt to develop a coherent plan for an industry through a vertical approach, making sure that

the two nationalisable companies are to get together and work out common products, even though Thomson clearly feels that the SEL model was better adapted to its needs.

While suffering a setback in this area, however, the Thomson group is emerging as the clear favourite to champion France's

attack on the consumer electronics and semiconductor sectors. In consumer electronics, the Government really has little choice, since Thomson is the only French group to have effectively withstood the assault of imports in booming areas like VCRs or television sets.

In semiconductor manufacturing, on the other hand, the choice of Thomson's Ericsson subsidiary, in which the Atomic Energy Commission has a stake, would involve a sizeable redrawing of frontiers. Both Matra and Saint Gobain, each of which, are also being nationalised, have their own plants in the same field. They would in some way have to be integrated in the Thomson plans, if the reorganisation comes about.

## Spanish banks asked to apply dividend restraint

BY ROBERT GRAHAM IN MADRID

THE Bank of Spain has advised banks to limit dividends to 8 per cent of their assets in the first year in which dividends have ceased to be formally controlled.

The request reflects the Bank of Spain's concern that bank dividends should continue to be regulated in order to ensure that the sector makes adequate provision for doubtful debts and portfolio write-downs.

Until this year bank dividends had been held to a maximum of 6 per cent. During the lofital phase of dividend decontrol the central bank has the right to recommend to the banks their scale of increase.

Initially it was thought that this might be done on an individual basis. However, the Bank of Spain appears to have opted for a global recommendation.

With few exceptions, the central bank's move is unlikely to be seen as a major inconvenience to the banking com-

munity. One of the fears over dividend decontrol has been that it would expose sharp differences among the banks — both large and small — which would in turn have a negative impact on those banks paying below average dividends.

The big seven banks have traditionally paid dividends either at the 6 per cent limit or close to it.

The Bank of Spain is determined not to allow dividend freedoms to absorb funds which should be set aside for provisions against doubtful debts. Only the larger banks have, on the whole, been able to fulfil the conditions laid down by the Bank of Spain in this respect.

Last year the amount set aside by the commercial banks to this effect rose by 73 per cent to Pta 80bn (\$815m) with a further Pta 12bn for portfolio write-downs. This represents an average of 0.7 per cent of assets.

## Bastogi shares plummet as trading reopens in Milan

BY JAMES BUXTON IN ROME

SHARES IN Bastogi, the Italian industrial and property group, fell by 20 per cent yesterday when trading resumed after a week's suspension. On Wednesday the company, which is in serious financial difficulties, announced a 65 per cent write-down of its capital to cover heavy losses.

The shares closed at L162, having stood at L204 on January 6 before being suspended on the orders of the Consob, the stock exchange regulatory authority. On that day alone they declined from L245.

To meet a total deficit of L172.3bn (\$141m), almost entirely incurred in the first 11 months of 1981, the nominal capital is being reduced from L263.7bn to L92.3bn, taking the nominal value per share down from L1,000 to L350.

Investors appear to have drawn negative conclusions from the company giving no details of how Bastogi will be recapitalised after the write-down. Nor has any date been set for a shareholders' meeting to approve the measures.

## SGE buys road builder

BY DAVID WHITE IN PARIS

SOCIETE Générale d'Entreprise (SGE), which is part of the CGE group, has agreed to buy a controlling stake in a specialised road building concern, Cocheray. Its initial purchase of a 52 per cent shareholding from the private sector utility, Société Lyonnaise des Eaux, will cost around FF 45m (\$7.8m), with the offer remaining open to minority holders.

Cocheray, which had group turnover of around FF 2.7bn (\$465m) last year, is expected to show a consolidated loss. This is reported to be largely because of difficulties encountered in Cameroun, one of

the principal focuses of the group's attempts to expand abroad.

The acquisition will give the SGE group the leading position in the road building sector in France, reinforcing the top rank in building and public works which it achieved two years ago, when it took control of Saintrapt et Brice.

SGE already has a roadmaking subsidiary, Bourdin et Cbasse.

Together with Cocheray, the group expects to build overall turnover up to around FF 15bn this year — compared with FF 10.5bn in 1981.

## Reduced profits at Ferrostaal

BY JAMES BUCHAN IN BONN

FERROSTAAL, the West German steel and plant trading concern, announces a net profit of DM 22m (\$9.5m) for the year ended June, 1981, marginally down on the previous year's DM 25m. Sales remained at DM 3.5bn with a minor fall in steel trading turnover compensated by plant export sales.

The company, which is a subsidiary of the Gutehoffnungshütte group, is relatively optimistic for the current year, with an order book of more than DM 3bn following an improvement in steel orders.

But Dr Hans Singer, the chief executive, warned that success would depend on a general adoption by steel producers and traders of the latest EEC price rises. There remained also the danger of distortions in the market from national protectionist measures.

Dr Singer also remarked on the continuing handicaps for West German plant and machinery exporters because of the high cost of export finance in West Germany.

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in this transaction and as Dealer Managers of its tender offer.

### Goldman, Sachs & Co.

New York Boston Chicago Dallas Detroit  
Houston Los Angeles Memphis Miami  
Philadelphia St. Louis San Francisco  
London Tokyo Zurich

January 5, 1982

Jeffrey J. Collinson





# The growing power of the Kuwait Investment Office

By Ray Maughan

THE "Halliday Simpson" affair has brought one of the City's most powerful and secretive investment institutions under the spotlight.

The Stock Exchange's investigative committee last week delivered its report on the tangled share dealings of Halliday Simpson, a Manchester firm of stockbrokers which was suspended from trading last July. The report has yet to be made public, but is understood to have linked the Kuwait Investment Office (KIO)—and its senior investment manager Mr Bruce Dawson—with some of these transactions.

The KIO has made no comment on these allegations.

The KIO's share dealing operations in London are highly secretive, very centralised and, above all, conducted on a massive scale. Its disclosable holdings have very roughly doubled over the last 4 years, and this foreign investment arm of the Kuwait Finance Ministry now holds enormous power in the UK investment community.

As the accompanying table shows, the value of the KIO's disclosable investments at the beginning of this week stood at £441m. Information about the KIO's enormous investment wealth came to light in the early summer of 1977 when all investors were required to disclose any stake of 5 per cent or more in a quoted company.

As a result, it emerged that the Kuwaitis, having invested in the London stock market since the mid-1950s, probably held shares worth some £500m. But that figure, like our current calculation, represents only the KIO's stakes which are disclosed by law. There is no requirement to reveal details of any holding under 5 per cent.

In some circumstances, a company secretary can identify the ownership of such smaller stakes by learning to interpret the identities behind some of the widely used nominee companies. In the KIO's case, the Bank of England has permitted the investment office to use two nominee companies for investment purposes.

This is a straightforward banking facility granted by all banks to valued customers and the accommodation given by the Old Lady's banking department to a sovereign state is by no means unusual. It means

that the full value of the KIO's stock market investment is considerably understated by the £441m portfolio estimate.

Throughout much of the past decade, the KIO has kept a very low profile, confining itself principally to investments in the financial sector and, frequently, showing a preference for Charlotte Square, Edinburgh, to London's financial community.

The KIO, run by Mr Dawson, Mr David Buchanan—who, like Dawson, is a Scottish-trained accountant—and former W. Greenwell bank sector salesman, Mr Peter Daffy, rarely attends investment panels run for companies, almost never uses its votes or proxies and is said to have shunned the usual round of company visits.

The managers established themselves not only as shrewd, secretive investors but one of the most important sources of commission income in the City. One broker estimates that, after the Prudential, the KIO is the second most important generator of equity commission income in London. Some brokers speculate that a firm on the KIO's short list of brokers with which it deals could earn as much as £1m annually from this source.

More recently, the KIO has been taking a rather more active role in the UK takeover scene. One of the first, and most dramatic, forays in this direction was the KIO's role in Trusthouse-Forte's dogged though finally abortive attempt to prise the Savoy out from under its complicated web of protective non-voting and voting holdings. The KIO built up a 30 per cent plus holding in the Savoy group which it openly pledged to Trusthouse-Forte.

This approach had been foreshadowed by the sale of its 10 per cent stake in Decca to Racal during the bitter bid battle which raged through much of the first half of 1980. Given that Racal fought a leapfrogging fight against GEC, its powerful counter-bidder, the KIO decision to lodge its shares behind one side rather than the other had a significant bearing on one of the stock market's most important bids that year.

The KIO is still thought to hold a big line of Racal's equity. Its dealings in the property market have been rather more

KUWAIT INVESTMENT OFFICE STAKES IN BRITISH COMPANIES			(Holdings of more than 5% of equity)		
Company	Percentage holding	Value (£'000)	Company	Percentage holding	Value (£'000)
Aberdeen Construction Group	7.6	1,576	Equity & Law Life Assurance Society	7.13	5,405
Allstate London Properties	5.6	4,346	General Accident Fire and Life Assurance Corporation	9.1	46,010
Anderson Strathclyde	7.8	3,401	Gerrard & National	5.6	2,044
Bank of Scotland	9.0	15,309	Glasgow Stockholders Trust	7.85	1,288
BBA Group	7.8	1,615	Guardian Royal Exchange	5.91	26,571
Birmid Quacast	6.0	910	Hambros Investment Trust	7.3	3,424
Bridon	5.6	2,160	Harrison & Crosfield	9.38	44,421
Burnham Oil	5.93	9,986	Hickson & Welch	8.7	3,643
Caledonia Investments	8.92	4,631	Hogg Robinson Group	7.7	7,584
Capital & Counties	6.42	5,611	Howden (Alexander) Group	7.8	9,173
Cawdor Holdings	8.1	7,817	Jessel, Toynebe	8.5	650
Chubb	10.9	6,747	Lake View Investment Trust	6.14	3,942
Coats Patons	5.62	3,469	Laporte Industries (Holdings)	5.5	4,043
Commercial Union	5.29	27,397	Legal & General Group	6.2	19,220
Dawson International	5.3	5,966	London & Manchester Assurance	5.015	2,828
English & Scottish Investors	11.02	2,930	London & Montrose Investment Trust	6.6	1,489

Research by John Shepherd

Source: Stock Exchange Weekly Official Intelligence, Exetel, Crawford's Directory of City Connections

open. As the table reveals, the KIO has disclosed stakes in two of the larger property companies on the stock market, Slough Estates and Stock Conversion, but it already owns a two-thirds stake in the Proprietors of Hay's Wharf.

Again, the KIO had already exerted an influence on the ownership of Hay's Wharf by voting its 3.45 per cent holding against a £22m bid from Ocean Transport and Trading three

years earlier.

The state of Kuwait has been

an active investor around the

world. One of its most ambitious

exploits was a near £1bn bid—

firmly rejected—for a 14.6 per

cent stake in Getty Oil. On an

even larger scale the Kuwait

Petroleum Corporation last

month completed a \$2.5bn take-

over of Santa Fe International,

the contract drilling and energy

group, which adds to Kuwait's

other investments in the

Americas. These include a 10 per cent stake in Volkswagen do Brasil, which cost \$1.15m, and full control of Great Western Bank and Trust in the discount house, Gerrard and National, and further tranches of Bank of Scotland and the

Phoenix, Arizona, for which it

paid \$40m.

The KIO holdings in West

Germany take in 25 per cent of

the steel group, Korf-Stahl, 10

per cent of Metallgesellschaft

and 14 per cent of Daimler-Benz AG.

In Britain, its investments

seem set to grow apace. Recent deals have enlarged KIO holdings in the financial sector with purchases of shares in the discount house, Gerrard and National, and further tranches of Bank of Scotland and the

Phoenix, Arizona, for which it

bought a controlling stake in an electronics company, Transaction

Security, from Finance for

Industry in the middle of the

week.

However, the existence of the

Committee's report, mentioning

Mr Dawson purely in a personal

capacity, is an obvious embarras-

ement and full details are

not expected for a further four

months.

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## Brazil halts orange juice exports

RIO DE JANEIRO—Brazil has suspended orange juice export registrations until more is known on the extent of frost damage to the Florida orange crop, the foreign trade department of the Banco do Brasil, Caxex, said yesterday.

Registrations may be reopened today.

Orange juice exporters met in Rio de Janeiro yesterday to assess the effects of the frost which hit the Florida citrus belt last Monday night, but no news of the result of the meeting was immediately available.

Brazilian exporters took advantage of a similar freeze last year to sell off surplus stocks to the North American markets.

Reuter

## Israeli flower growers protest

By L. Daniel in Tel Aviv

ISRAEL'S 6,000 flower growers are pressing for an end to the competition between flower exporters which has reduced profitability to nil. They are also pressing for permission in charter foreign aircraft which, they claim, will drastically reduce transportation charges as compared with those charged by El Al, the national carrier.

The growers also want the government to link the exchange rate for the proceeds of their exports to the rise in the index of input costs (particularly oil).

Meanwhile, the growers are distributing free of charge millions of flowers which they cannot profitably send abroad.

The Guernsey States Committee for Horticulture has launched a Gold Crest quality scheme to help boost the quality and value of the island flower exports. In 1980, Guernsey exported 191m roses worth nearly £12m. In the first 10 months of last year, exports reached £10.1m, barely a per cent above the same period in 1980.

Mr CASH & CARRY/AER-FARR & SON

The Charterhouse Group subsidiary Mr Cash and Carry has agreed to acquire the ordinary share capital of AER-Farr and Son, a large independent whole-saler cash and carry operator with a £2.72m turnover at its Penkridge trading estate, Brierley Hill, West Midlands.

In the year to June 30, 1981, AER-Farr and Son made pre-tax profits of £71,000 on turnover of £4.4m. The value of the assets acquired is approximately £1m.

## BRITISH COMMODITY MARKETS

## BASE METALS

Base-Metal prices gained around on the London Metal Exchange reflecting the weakness of sterling against the dollar. Copper fell to £97.60 in early trading, owing to the sharp fall in the dollar, but recovered to £98.00.

Lead closed at £24.01, after a rise of £2.27 and £3.44 with heavy U.S. buying reported in the afternoon. Zinc was finally £45.45, Aluminium, £31.23, tin £10.50, and copper £10.65.

Three months: cash, £10.65; three months: cash, £10.65.

# Markets display resilience as funds are committed despite gloomy background—Golds fall with bullion

Account Dealing Dates  
Option

\*First Declar. Last Account  
Dealing Dates Day  
Dec 22 Jan 7 Jan 8 Jan 18  
Jan 11 Jan 21 Jan 22 Feb 1  
Jan 25 Feb 11 Feb 12 Feb 22  
\*\* "New time" dealing may take  
place from 8.30 am two business days  
earlier.

Investors were not dis-  
couraged by the current sharp  
downturn in sterling, renewed  
weakness on Wall Street or the  
bleak UK industrial scene yester-  
day. They again committed  
funds to both main investment  
areas which, after opening lower,  
soon began to show resilience to  
leave South African Gold shares  
as the only sector to show signifi-  
cantly down on the day.

A turnaround overnight to  
weakness in U.S. bonds from  
initially higher levels on worries  
about this week's money supply  
figures, together with domestic  
interest rate anxieties set the  
scene for a dull gilt market  
opening. Losses among longer  
maturities extended to 1% before  
institutional support revived  
and gradually took most quota-  
tions back to Wednesday's list  
levels.

Short-dated gilts held steady  
to firm throughout with the  
aceot still on low-coupon issues,  
particularly the 3 per cent 1983;  
Exchequer 3 per cent 1983;  
which will be quoted in ex-  
dividend form this morning,  
attracted most interest and rose  
4 to 94. While Exchequer 3 per  
cent 1984 gained 1 to 82. In

contract, Exchequer 14 per cent  
1988, the short top stock, eased  
1 to 92.

Wall Street's downturn made  
scant overall impression on the  
equity sectors in which business  
was again restricted owing to  
travel difficulties. Speculative  
enthusiasm for leading shares  
remained centred on the  
currently popular trio of Turner  
and Newall, RHM and P & O.  
While bear closing gave support  
to recently weak Thorn EMI  
before and after yesterday after-  
noon's announcement of the  
group's interim results; the  
absence of a call for new money  
via a rights issue was a relief to  
some.

Movements in other constituents  
of the FT Industrial  
Ordinary share index and most  
other blue-chips were minimal  
and this measure of the trend  
closed a mere 0.1 off at 527.2;  
the index recorded a loss at each  
calculation, but the biggest fall,  
at 10.00 am, was limited to 1.2.

**Royal Bank above worst**  
Deals transacted in Traded  
options amounted to 2,524, the  
biggest since late November.  
Business was boosted by a parti-  
cularly buoyant trade in Rail  
which attracted 773 calls, of  
which 316 were taken back in  
the February 390's, and 249 puts.  
Interest was also sustained in  
recent favourite ICI with 395  
calls and 239 puts completed.  
Marks and Spencer and P & O.  
Deferred recorded 183 and 174  
calls respectively.

Royal Bank of Scotland

recently weak on reports that the

Monopolies Commission had

rejected the bids for the group

from Standard and Chartered  
and Hongkong and Shanghai  
Banking, reacted afresh to 135p  
awaiting details of the annual  
meeting before rallying to close  
at 141p; the Monopolies Commis-  
sion decision is expected to be  
announced today. Standard and  
Chartered hardened a couple of  
pence to 167p, but Hongkong  
and Shanghai shed 3 to 134p.

The major clearing banks  
passed a lack-lustre session and  
drifted off to close with modest  
losses.

Insurance brokers trended

a fair amount of attention. Further

consideration of the half-year

statement prompted selling of

Rail which touched 385p before

settling at 380p for a fall of 30

on the day. Already firm at 440p  
in front of the half-year state-  
ment on bear closing, Thorn EMI  
improved further to 448p follow-  
ing the figures before closing at  
441p for a rise of 8 on balance.  
Plessey touched 343p before  
settling 10 down at 345p, but  
GEC held relatively steady and  
closed only 5 cheaper at 800p.

In contrast, Jones Strand  
featured secondary issues with a  
rise of 8 to 84p after half-year  
figures well above market expecta-  
tions, while Multhead, which  
also bettered expectations, closed  
6 higher at 120p, after 122p,  
following the preliminary state-  
ment.

Little of interest occurred in

the Engineering leaders, but the

trend was to slightly higher

levels. Elsewhere, UBM Group  
firmed a penny to 53p following

the announcement of the dis-  
agreement which had led to the

resignation of the chairman and

managing director, Mr Michael

Phillips. With Blake Bearne

lacked support and slipped to  
161p before closing a net 4  
cheaper at 166p, while Aherthaw  
Cement, a rising market recently,  
encountered selling and relin-  
quished 15 to 340p. On the  
other hand, selected Contracting  
and Construction issues attracted  
renewed support with Higgs and  
Hill firming 4 to 124p and  
Newthorpe 6 to a peak of 473p.  
In Timbers, Montague L. Meyer  
improved 2 to 69p after Press  
comment highlighting bid possi-  
bilities.

ICI displayed renewed

firmness on recovery hopes, touching  
312p before closing 2 down on  
balance at 305p. Fisons im-  
proved 5 more to 163p as bid  
rumours persisted. Allied Col-  
loids put on 7 for a two-day gain  
of 19 to 160p in response to the  
excellent interim results and  
Laporte closed 4 up at 132p, while  
Creda International Deferred  
eased 3 to 145p and IMI  
edged up a penny more to 55p.

Ranks Hovis McDougal were  
actively traded on takeover

stage, reverted to 50p following

the announcement that Burnham

Oil, 2 down at 113p, had

increased its offer for the shares

to 41p.

Business in Stores was at an

extremely low level and price

movements of note were few and

far between. Raybeck continued

to attract support in front of

today's mid-term statement and  
added 3 for a two-day gain of 5  
to 41p. Dixons Photographic  
firmed a penny to 161p, after  
163p, following the increased  
first-half profits and dividend,  
but Pelly Peck met renewed  
profit-taking and closed 7 off at  
340p.

Leading Electricals claimed a

fair amount of attention. Further

consideration of the half-year

statement prompted selling of

Rail which touched 385p before

settling at 380p for a fall of 30

on the day. Already firm at 440p  
in front of the half-year state-  
ment on bear closing, Thorn EMI  
improved further to 448p follow-  
ing the figures before closing at  
441p for a rise of 8 on balance.  
Plessey touched 343p before  
settling 10 down at 345p, but  
GEC held relatively steady and  
closed only 5 cheaper at 800p.

In contrast, Jones Strand  
featured secondary issues with a  
rise of 8 to 84p after half-year  
figures well above market expecta-  
tions, while Multhead, which  
also bettered expectations, closed  
6 higher at 120p, after 122p,  
following the preliminary state-  
ment.

Little of interest occurred in

the Engineering leaders, but the

trend was to slightly higher

levels. Elsewhere, UBM Group  
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## Vent-Axia

The first name in unit ventilation... look for the name on the product.

## BOC will put £133m into U.S. plant

By Hazel Duffy, Industrial Correspondent

THE BOC GROUP is investing \$247m (£133m) in expanding its U.S. facilities for producing carbon graphite for use in the electric arc furnace method of making steel. It is the largest single investment ever undertaken by the British group.

The expansion involves building two plants on green-field sites, one to produce carbon graphite, the other a needle coke plant, the basic material for carbon graphite.

The first plant will be built at Ridgeway, South Carolina. When completed in October 1983 it will increase by 20 per cent production of carbon graphite by Alcoa, BOC's U.S. subsidiary.

It is planned to expand the plant by the end of the decade to increase the group's total carbon graphite capacity by 50 per cent. The engineering contractor at Ridgeway will be Brown and Root.

BOC considered putting the plant, which would have provided 500 jobs, at Consett, Co. Durham, using the old British Steel Corporation plant. It did not proceed with this proposal because the price of electricity at Consett would have more than twice that in South Carolina.

Mr Richard Giordano, chief executive of the BOC group, said that production of carbon graphite from the new Ridgeway plant would be aimed at "primarily the world market, which is three times larger than the U.S. domestic market and growing at a faster rate."

Present Alcoa production of carbon graphite electrodes is sold almost entirely in the U.S.

The needed coke plant is to be built at Seadrift, near Houston, Texas. It will be the first venture by Alcoa in needle coke, which has previously been bought in.

It is due to start operation in July 1983.

The plant, using technology developed by C-E Lummus, the U.S. group which is also the engineering contractor, will ultimately provide about 90 per cent of Alcoa's needs.

The primary reason for the Texas plant is to ensure that Alcoa has control over the quality of its needle coke.

Finance for the two projects will be raised by utilising existing lines of credit, said Mr Giordano. The loans package is expected to be put together by leading international banks.

Background, Page 6

## Weather

UK TODAY STAYING COLD and frosty in Central and South-East England. Temperatures near normal in many Western parts. Very windy in the North at times.

London and SE, E and Central Northern England

Sunny or clear periods. Fog clearing slowly. Light to moderate winds. Max temp 3C (37F).

Western England, Wales, Southern Scotland, Channel Islands, Isle of Man

Bright or sunny intervals, dry. Moderate to fresh winds. Max temp 6C (43F).

Northern Scotland, Orkney, Shetland

Cloudy with occasional rain.

Strong to gale force winds.

Max temp 7C (45F).

Argyll and Northern Ireland

Bright at times. Occasional rain later. Fresh winds. Max temp 4C (39F).

Outlook: Occasional rain. Becoming less cold.

## WORLDWIDE

Yesterdays

Today

Tomorrow

Overseas

Overseas